

CITY OF EMPORIA

522 Mechanic
Emporia, Kansas 66801

Comprehensive Annual Financial Report
For the fiscal year ended December 31, 2005

**Prepared by the Finance Department
of the City of Emporia, Kansas**

CITY OF EMPORIA, KANSAS
Comprehensive Annual Financial Report
For the fiscal year ended December 31, 2005

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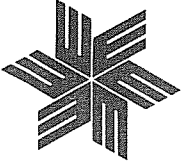
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INTRODUCTORY SECTION



THE CITY OF
EMPORIA

City Manager's Office/522 Mechanic/P.O. Box 928/Emporia, KS 66801-0928/620-343-4251

Tom Myers, Mayor
Jim Kessler, Vice-Mayor
Bobbie Agler, Commissioner
Julie Johnson, Commissioner
Raymond A. Toso, Commissioner
Steve Commons, City Manager

Honorable Mayor and
City Commissioners
City of Emporia
Emporia, Kansas

Honorable Mayor and City Commissioners:

I hereby transmit the Comprehensive Annual Financial Report of the City of Emporia, Kansas as of December 31, 2005 and for the year then ended. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management believes that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and, that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are discussed by the Director of Administrative Services in his accompanying letter of transmittal, and within that framework, I believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Emporia for its comprehensive annual financial report for the year ended December 31, 2004. This was the twentieth consecutive year the City has received this award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized, comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The accompanying report consists of four parts:

1. Introductory section, including the Director of Administrative Services' letter of transmittal.
2. Financial section, including the financial statements and supplemental data of the City accompanied by our independent auditors' opinion and Management's Discussion and Analysis (MD&A). The letters of transmittal are designed to complement MD&A and should be read in conjunction. The MD&A can be found immediately following the report of the independent auditors.
3. Statistical section, including a number of tables of unaudited data depicting the financial history of the City for the past ten years, information on overlapping governments, and demographic and other miscellaneous information.

Kansas Statutes Annotated 75-1122 requires an annual audit to be made of the books of account, financial records, and transactions of all administrative departments of the City by independent Certified Public Accountants or Licensed Municipal Public Accountants selected by the City Commission. This requirement has been complied with, and our auditor's opinion has been included in, this report.

**Honorable Mayor and
City Commissioners**

The remainder of this letter will review accomplishments of this organization and local economic events during the fiscal year being evaluated. This letter will also include a future outlook section and a review of the property tax base for the community. Many of the topics are woven together. As one project or function leads to another, these activities show a strong overall community commitment to continue to move forward for a better Emporia and a stronger economic region.

SIGNIFICANT LOCAL ECONOMIC EVENTS

General Fund Finances - Toward the end of 2005, it became apparent that the general fund would end the year with a large negative balance. This condition has been building over the last few years, by trying to operate with virtually no cash balances in the fund and the State of Kansas not funding their statutory required demand transfer payments to Kansas local governments. Unfortunately, Emporia did not adjust other general fund revenues or reduce service levels which would reduce expenditures over that period of time. Therefore, it was necessary to utilize reserves and transfer additional funds from the water and sewer utilities. At the end of 2005, the City Commission directed that \$700,000 be transferred from the utilities to assure a positive year-end cash balance in the General Fund. Annual administrative transfers from the utilities will be adjusted lower over the next three years to allow these funds to be replenished in the utility funds.

In order to permanently remedy General Fund financial issues, the City Commission has directed several changes. Revenues have been increased with substantial adjustments in gas franchise fees and increases in ambulance rates. All fee structures in the General Fund are being reevaluated and increased to appropriate fiscal levels. Significant adjustments have also been implemented to reduce personnel costs with selected staff reductions through natural attrition in the organization.

I am confident that the revenue enhancements and expense reductions identified for the General Fund will allow adequate resources into the next fiscal year and obtain a modest fund balance by the end of 2006. City Commission and staff are committed to implementation of new policies which will establish and build appropriate cash balance levels in the coming fiscal years.

Community Economy - Emporia and the region has experienced a slower economy. From 1998-2002 the chart below depicts the raise of our building activity. Prior to that growth time, our economic activity was stable and only through hindsight can we really see the substantial jump in activity we enjoyed in those years. The 2005 building numbers continued to reflect a more normal level of activity. Building activity is a good indicator of growth and development in a community. Noted below is the gross value of building permits issued in the last 10 years.

| | | | |
|------|--------------|------|--------------|
| 1996 | \$15,229,107 | 2001 | \$41,986,145 |
| 1997 | \$14,839,473 | 2002 | \$41,851,482 |
| 1998 | \$23,285,937 | 2003 | \$21,203,559 |
| 1999 | \$35,983,712 | 2004 | \$20,620,567 |
| 2000 | \$38,565,007 | 2005 | \$21,426,104 |

The year 2001 represented the largest building and construction activity in Emporia's history and 2002 ended only slightly under that record setting level. The following provides specific information relating to our economic activity by category of building activity:

General Building Activity - Overall construction activity turned to more modest levels starting in 2003 and continues through 2005. Noted below are the recent trends of building permit valuations. In prior years, we enjoyed strong growth in our Commercial and Industrial development. Commercial activity has been soft for a number of years, but it's starting to show some improvement in the last two years. Industrial development construction is also starting to show some recovery over some of its lowest levels in recent years. The Commercial and Industrial areas are reflective of how Emporia and the National economy have been sluggish. Multi-Family Dwellings runs in its own business cycle. Every few years, a large multi-family apartment complex is constructed and causes other investment in this area to subside until community growth catches up with the additional dwelling units. This pattern will probably reappear because of large investments in 2004 and 2005 which will probably result in smaller investment of multi-family dwellings in the coming couple of years. The following chart reflects the new construction, building addition and alterations by category:

**Honorable Mayor and
City Commissioners**

| | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|--------------------------------------|---------------------|---------------------|---------------------|
| One and Two Family Dwellings | \$ 4,755,032 | \$ 5,993,490 | \$ 5,954,177 |
| Multi-Family Dwellings | \$ 1,920,915 | \$ 3,400,905 | \$ 3,057,079 |
| Commercial | \$ 2,059,467 | \$ 4,432,669 | \$ 6,357,410 |
| Industrial | \$ 447,850 | \$ 1,229,491 | \$ 4,861,321 |
| Accessory, Institutional, Public Use | <u>\$10,884,675</u> | <u>\$ 5,564,012</u> | <u>\$ 1,196,117</u> |
| | \$21,203,559 | \$20,620,567 | \$21,426,104 |

Commercial Development - In the later part of the 1990's, we started to see stronger investment in our commercial sector. This trend of commercial activity continued through the 1999 construction season which had investment of over \$9 million. In 2000 and 2001, we observed a more modest investment. In 2002 and 2003, we expected and confirmed weakness in this construction area. We are starting to see new activity in the commercial sector which we hope will lead to an upward trend for the next couple of years.

Industrial Development - Ten years ago, Emporia became very aggressive in the attraction and development of new and expanding industrial activity. Over a million square feet of manufacturing and warehouse space has been added in our community and over 600 new jobs were created during that time period. The city is currently experiencing a few year lag in industrial development job creation since we began the aggressive attraction efforts. Like most business activities, they go through certain cycles. A number of our industries are looking at expansion projects. I wish we could report that this growth effort is industry wide in our community, but we lost one industry in 2005 that felt the effects of a global marketplace with their production operations moving to Mexico. Even though the job loss affected only a small portion of our industrial jobs, they were good production jobs that will be hard to replace. We are working hard to create the next upward business cycle in our industrial development portion of our economy.

DEPARTMENTAL SERVICE ACTIVITY EFFORTS

Even though we still progressed on many major projects, the City Commission feels that it would be prudent to moderate our capital projects activities to allow for the slower economic conditions. Emporia has also completed and is enjoying many significant capital improvements over the last few years such as our Family Aquatic Center and the Downtown Streetscape improvement. Taking a short respite from the aggressive pace we followed for a number of years was viewed as a healthy move.

Northwest Transportation Improvement- Even with a slower pace of development, our staff has been extremely active in preparing for community growth and development as our city plan shows that growth to occur to the Northwest. The Kansas Turnpike crosses through our Northwest portion of the City. We have developed a plan to reconstruct new bridges and the necessary arterial and collector street network to support growth in this portion of our community. Construction has been completed on one of the bridges that spans the Turnpike and serves to improve access to a newly constructed elementary school. Construction on the next bridge project is nearly completed near this elementary school with the potential of two other bridge projects to be constructed over the next three years. The Kansas Turnpike Authority (KTA) is proceeding with plans to undertake at least a \$20 million interchange improvement in Emporia. This project will dramatically change and improve the access to many properties that are adjacent to the interchange. We have been involved in the planning of this project and the City is embarking on an update to our Comprehensive Plan to deal with the significant transportation changes that are occurring in this area of town. Besides bridge reconstruction, two major intersections have received State grants support for major reconstruction with new traffic signals and roadway alignment at one intersection and the construction of a roundabout at the other. These significant infrastructure projects have been supported by a variety of grant sources with the Kansas Department of Transportation and cooperative efforts with the Kansas Turnpike Authority. In the end, we hope to improve the capacity of these roadways to accommodate the development activities in the path of our community growth.

Park Improvements - Most of our activity in the past couple of years and into the near future will involve a focused effort to restore and improve the infrastructure in our park system. Over the last decade, we have spent significant resources replacing playground equipment that was considered no longer appropriate based on today's safety standards. Other significant efforts were made to improve the accessibility of the parks for the disabled. Each of these areas were necessary and appropriate expenditures of resources. That focus caused us to fall behind in our general maintenance efforts. Peter Pan Park will see significant investment. A new community shelter house was constructed in the site of

**Honorable Mayor and
City Commissioners**

an old Grape Arbor site which was not accessible and had fallen into disrepair. New sidewalks and trails will be constructed throughout the Park to provide access to all in an attractive all weather surface for people to enjoy through the various seasons of the year. Other restoration projects include an area identified as Monkey Island is being converted to a garden area and a memorial for Pulitzer Prize winning author William Allen White is also scheduled for restoration. Peter Pan Park is our most utilized park and will involve a significant amount of our efforts. Other smaller community parks will also enjoy various revitalization efforts. One particular neighborhood is working with the City to actually create a new neighborhood park in an older part of the community. The Eastside Memorial Park development has received local community foundation support for its implementation and will serve as a focal point for community activities in this established neighborhood in the City.

The preceding are only a sampling of City staff's activities during the year. The City's departments continue to strive to provide quality services to the citizens of Emporia and to make improvements whenever possible.

FUTURE OUTLOOK

Emporia is very fortunate to have a very diversified economy. This diversity provides a cushion when a particular market area suffers from an economic downturn. Our major source of employment is in the field of food processing. This is an important link to our state's agricultural base, yet it is insulated from the periodic downturns which plague the farm sector. Strong employment in this sector is being maintained at the Menu Foods plant for the production of pet food and through Tyson which represents our largest employer in the community with around 2700 workers. Dolly Madison Bakery is part of Interstate Bakeries which is working its way through a bankruptcy reorganization. Our local plant has experienced growth during this reorganization as Interstate Bakeries closes other production facilities around the country to streamline their operation and to reduce overhead. Because our bakery represents one of their significant profit centers, we believe their business will grow in Emporia as a result of further facility consolidation of production. The community has abated many of our industrial development projects' property taxes which occurred over the late 1990's into 2000. Starting in 2005, some of these abatements will expire and begin contributing to our tax base. The new companies which we have attracted will change our list of the largest tax payers in the community when their abatements expire. This will significantly increase our tax base over the next decade. Our industrial development program created one of our strongest sustained growth periods in Emporia's history.

In the production of durable goods, our employment base is smaller, but has a broad market spectrum from the manufacturing of leveling vials to the rebuilding of large diesel engines. Many of the employers in this sector are looking at expansion projects over the next 24 months. It was noted previously in our prior financial statements that Caterpillar sold its Emporia facility to a Canadian company called Camoplast. Even though Camoplast isn't the large corporate entity like Caterpillar, the new ownership brings a much broader sales opportunity to the facility. Under the new ownership, Camoplast is already implementing new production lines and pursuing other growth possibilities which will result in new capital investment and increased employment. Modine Manufacturing was the company which closed its operation in Emporia during the year and moved production to Mexico. Efforts are underway to find a use for their property either as a manufacturing plant or look at other development possibilities for the site. Glendo Corporation and Lenze Corporation represent two of our smaller employers in this sector, but both have enjoyed steady growth through the years and are expecting to see continued growth in the coming years.

Major service industries include a state university, technical college, regional medical center, transportation and lodging facilities. The University continues to work hard to maintain and build its enrollment. Technical training seems to increase in importance as employers express a need for specific trained skills in their production operations. It appears that both institutions will maintain or possibly experience small growth in the face of declining numbers of available High School graduates. Both of these institutions are dependent on State funding and the poor fiscal condition of the State is affecting their operations. The Technical College has had to adjust its operating budget to react to these fiscal challenges. The University is looking at increased tuition fees to off-set the loss of State revenue. Attracting new students into these higher education and technical training programs will be competitive, but our local institutions appear to be preparing for the challenge. Transportation, particularly trucking, continues to be an important part of our economy. Our access to highway systems and our central geographical location within our state and nation continue to make this a promising area. Emporia has been able to improve its position as a medical center with the development of a new medical office building which has assisted in

**Honorable Mayor and
City Commissioners**

physician recruitment. The hospital has completed construction of a major building expansion to improve all areas of hospital services. Increasing the availability of certain medical specialties are areas being pursued to create a stronger position as a regional medical provider. It is uncertain how rising fuel costs will affect the state travel industry. Our local lodging facilities have worked hard to maintain and hopefully slightly grow our receipts in the lodging industry. With increasing fuel charges, we are seeing growth in the rail usage. Even though we are not a division point on the rail line, our yards are dealing with more overflow volumes than we have seen in years. Continued growth of rail activity is expected in the near future.

As noted earlier, 2004 was starting to show signs of improvement which continued into 2005 from the sluggish levels we noticed over the previous few years. I would anticipate that our growth activities will focus on expansion and development from our existing industry base. The capital investment will be focused more on equipment and less on new building construction. Commercial construction, which had been extremely slow, is showing some signs of life again in Emporia. A number of larger scale commercial ventures are considering new projects to be constructed in Emporia during the 2006 construction seasons.

Our community had shown steady growth in our property tax assessed valuation until the 2004 assessment year. (Following this paragraph is a chart which illustrates the assessed valuation history for the last six years.) As an incentive to attract new industrial development, tax abatements have been offered to expanding businesses. In the 2003 assessment year, some of the property was a part of an expansion program that was partially assessed prior to the completion of the project. The full abatement is applied until the project is completed. When the project was completed, the partial abated property was removed. The size of the partial abatement, when removed, was greater than the other growth and development which caused the valuation to decline by less than 1%. This is the first time something like this has ever happened and it is not anticipated to reoccur in the immediate future. We continue to enjoy modest growth and rising real estate values and we should see our assessed valuation back on track with steady increases. We are now starting to add to the assessment rolls property which had been abated and this will make a significant adjustment especially in the next few years as real property abatements expire for some of our major manufactures.

GROWTH IN VALUATION

| <u>ASSESSED YEAR</u> | <u>ASSESSED VALUATION</u> |
|----------------------|---------------------------|
| 2001 | \$113,034,253 |
| 2002 | \$123,110,003 |
| 2003 | \$129,317,285 |
| 2004 | \$128,235,487 |
| 2005 | \$133,673,097 |
| 2006 | \$139,317,129 |

The biggest fiscal challenge we continue to face is the continued loss of State shared revenue and the threat of other state fiscal problems being forced to the local level as unfunded mandates. The Sate of Kansas economy is rebounding, but continued pressure to increase education funding and the growing demands of medical costs bourn by the state will keep fiscal pressure on their budgets. Because of the funding problems noted earlier in our General Fund, we will have to be extremely diligent in controlling costs and seeking new sources of revenue to replace funds that appear to be lost from the State.

Besides the property tax and the collection of utility charges, the one cent local sales tax has been a significant source of income for our community. Retail sales activities are very competitive. Large retail centers in metropolitan areas and the ever growing number of sales which are occurring through catalogs and the internet make it a challenge to have a growing tax base. Up until 2002, we had been fortunate to maintain a growing base of retail activity. The pressure of a poor performing national economy caught up to our community. In 2002, we experienced a slight decline of sales tax receipts of 1.2%and then another 1.8% decline in 2003. Prior to 2002, from 1997-2001 we experienced growth of 20.7% from this source of funds. We did experience a recovery in our local sales tax collections in 2004 and that recovery continued into 2005. The community recognizes the value of a strong retail economy and has started the development of an organization to promote enhanced commercial development in the community. As we look to the future we hope to establish stronger retail sales growth for the community.

Honorable Mayor and
City Commissioners

SALES TAX HISTORY

| | |
|------|-------------|
| 2000 | \$3,706,938 |
| 2001 | \$3,823,159 |
| 2002 | \$3,779,417 |
| 2003 | \$3,712,601 |
| 2004 | \$3,854,759 |
| 2005 | \$3,997,182 |

Even with a slow growing local economy, our employment activity is relatively stable and our industrial base is still striving to expand their business activities. Our community also has been very aggressive in attracting and expanding our industrial base. That commitment intensified in 1994 when voters approved that a portion of our local sales tax be used to increase employment opportunities for the community. That commitment of sales tax support continues until the sunset of that tax in 2014. This illustrates how strong of support our citizens have for future industrial expansion which will build new capital investment and a well compensated workforce.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the accounting and internal audit departments. I should like to express my appreciation to all who assisted and contributed to its preparation. I should also like to thank the members of the City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Steve Commons, City Manager

February 21, 2006



Honorable Mayor and
City Commissioners
City of Emporia
Emporia, Kansas

Honorable Mayor and City Commissioners:

The Comprehensive Annual Financial Report of the City of Emporia, Kansas for the year ended December 31, 2005 is submitted herewith.

This report was prepared by the City's Finance Department. The report is published to provide to the Commission, to representatives of financial institutions, and to our citizens and other interested persons detailed information concerning the financial condition of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

GENERAL INFORMATION - CITY OF EMPORIA

The City of Emporia lies 110 miles southwest of Kansas City and 85 miles northeast of Wichita on the eastern edge of the Flint Hills area of Kansas. Emporia has a population of 26,760 based on the 2000 census. There are 11.70 square miles of land in the City's corporate boundary, while the "planning and protected" area covers approximately 63 square miles.

The City of Emporia was incorporated in 1857. The City has a Commission - City Manager form of government. The commission is comprised of five members elected at large for terms of two and four years, with three Commissioners being elected each odd-numbered year. The Mayor is elected by the Commission.

The City Manager is appointed by the Governing Body and acts as its primary agent in accordance with state statute. Other City officers and employees are appointed by the City Manager. The Governing Body is responsible for policy determination and the City Manager is responsible for the administration of the municipal government.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The adopted budgets are an integral part of the accounting system providing management control over expenditures in the general fund, special revenue funds, debt service fund and enterprise funds. Kansas statutes require that cash be on hand before an expenditure can be authorized, that all expenditures be budgeted, and that the budget not exceed anticipated revenues including carry-forward balances. The adopted budget for any fund may be amended, using the same procedures as for adoption, if the increased expenditures are financed with non-tax revenues. All other budget amendments require the approval of the State Board of Tax Appeals.

Formal budgetary integration is not used for the capital projects funds because budgetary control is achieved through the resolution of authorization and funding. Encumbrance accounting is used for outstanding purchase orders, contracts and other commitments. Encumbrances outstanding at year end are reported as reservations of fund balance since they are not expenditures or liabilities.

THE REPORTING ENTITY AND ITS SERVICES

This report includes all of the funds of the City. The City is financially accountable for the Emporia Public Library, and the Library is included in the City's financial statements. The City Commission appoints all members of the seven member Library Board. Because the Library is not a separate taxing entity by applicable state statutes, the City levies taxes for the Library's operations, which represent approximately 77.5 percent of total revenues. The operations of the Emporia Public Library are reported as a discretely presented component unit in the City's financial statements.

The City provides a full range of municipal services. The Public Safety program includes police and fire protection; an aquatic center, golf course, tennis courts, neighborhood parks and a community center provide a well-rounded, active recreation program; the Engineering Department provides essential street and highway construction and maintenance, surveying services, sanitation and other technical assistance to the City; the Public Utilities provide water, sewer and refuse collection services. Additional services provided include building inspection, planning and zoning, as well as general administrative services.

INTERNAL CONTROL

In developing and altering the City's accounting system, consideration is given to the adequacy of the internal controls. The internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in time deposits ranging from 30 to 90 days in maturity and in U.S. Government obligations with variable maturities and in the Kansas Municipal Investment Pool. At December 31, 2005, the City's cash resources were divided between demand deposits and investments as follows: in demand deposits and cash on hand 30 percent; and in interest bearing investments 70 percent. The amount of interest received in 2005 from idle cash was \$282,012.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized.

RISK MANAGEMENT

The City performs limited risk management operations intended to maintain coverage at appropriate levels; manage claims; and monitor carrier performance. Additionally, the City periodically engages professional consultants to assist with the risk management function. The City operates its employees' health insurance and workers' compensation insurance as partially self-funded plans.

INDEPENDENT AUDIT

State law requires an annual audit of the books of account, financial records and transactions of all administrative departments of the City by independent Certified Public Accountants or Licensed Municipal Public Accountants selected by the City Commission. This requirement has been complied with and the auditor's opinion has been included in this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Emporia for its comprehensive annual financial report for the year ended December 31, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

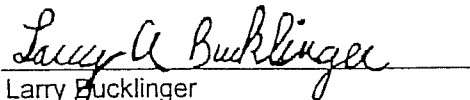
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Emporia, Kansas, has received a Certificate of Achievement for the last nineteen consecutive years (fiscal years 1985 - 2004). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I should like to express my appreciation to all members of the department who assisted and contributed to its preparation. I should also like to thank the Mayor and City Commissioners for their interest and support in planning and conducting the financial operations of the City in a reasonable and progressive manner.

Respectfully submitted,



Larry A. Bucklinger
Director of Administrative Services
February 21, 2006

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Emporia,
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

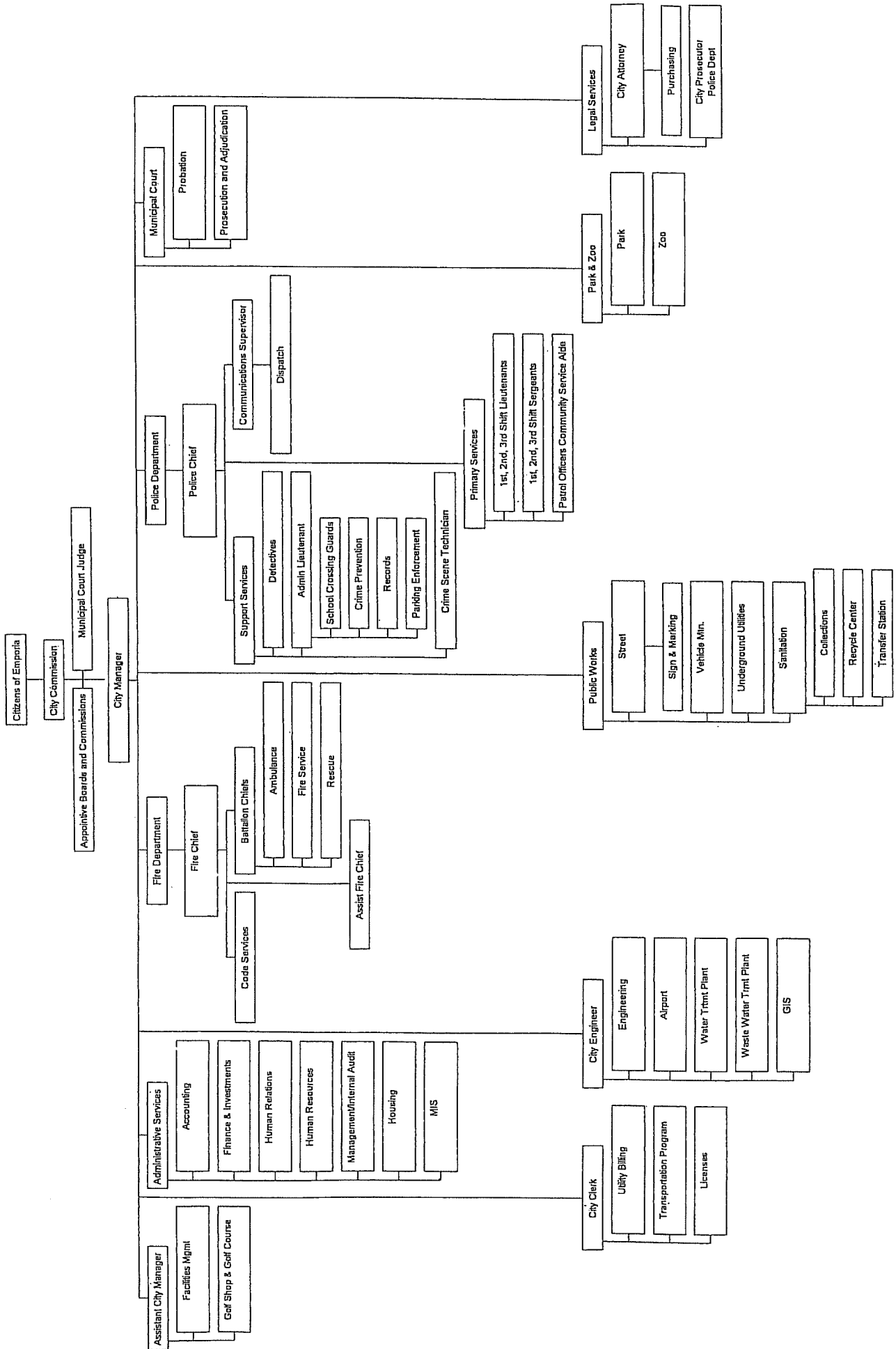


Carla E. Perry

President

Jeffrey R. Emer

Executive Director



City of Emporia, Kansas

GOVERNING BODY
2005

| | |
|--------------|-----------------|
| MAYOR | TOM MYERS |
| VICE-MAYOR | JIM KESSLER |
| COMMISSIONER | RAYMOND A. TOSO |
| COMMISSIONER | JULIE JOHNSON |
| COMMISSIONER | BOBBIE AGLER |

ADMINISTRATIVE OFFICIALS

| | |
|-------------------------------------|------------------|
| CITY MANAGER | STEVE COMMONS |
| ASSISTANT CITY MANAGER | MARK McANARNEY |
| DIRECTOR OF ADMINISTRATIVE SERVICES | LARRY BUCKLINGER |
| CITY CLERK | SUSAN MENDOZA |
| CITY TREASURER | JANET HARROUFF |
| CITY ATTORNEY | BLAISE PLUMMER |

DEPARTMENT HEADS

| | |
|----------------------------|------------------|
| PUBLIC WORKS DIRECTOR | RON CHILDERS |
| CITY ENGINEER | KEITH BEATTY |
| FIRE CHIEF | JACK TAYLOR |
| POLICE CHIEF | MIKE HEFFRON |
| DIRECTOR OF PARKS AND ZOO | DAVID P. TRAYLOR |
| DIRECTOR OF COURT SERVICES | PHIL MARTIN |

FINANCIAL SECTION

LOWENTHAL SINGLETON WEBB & WILSON
P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

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Thomas G. Wilson, CPA
Audrey M. Odermann, CPA

Abram M. Chrislip, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
ON THE BASIC FINANCIAL STATEMENTS

Mayor and City Commissioners
City of Emporia, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Emporia, Kansas, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Emporia Public Library which statements reflect total assets of \$660,136 as of December 31, 2005 and total expenditures of \$790,883 for the year ended, which is a discretely presented component unit in the accompanying financial statements. Those financial statements were audited by other auditors whose report has been furnished to us; and our opinion on the financial statements, insofar as it relates to the amounts for the Emporia Public Library included as a discretely presented component unit, is based solely upon the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the "Kansas Municipal Audit Guide." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Emporia, Kansas, at December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Industrial Development Sales Tax Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. We did not audit the data included in the introductory and statistical sections of this report and therefore, we express no opinion thereon.

Lowenthal, Singleton, Webb & Wilson

Professional Association

February 21, 2006

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2005
Unaudited

Our discussion and analysis of the City of Emporia, Kansas financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2005. The Emporia Public Library issues a complete financial statement that includes a discussion and analysis. The address for retrieval of this report is in Note I. This narrative should be read in conjunction with the City's letter of transmittal, which begins on page i.

Financial Highlights

- The Government-wide net assets totaled \$109 million at the end of the current fiscal year.
- The Government-wide unrestricted current assets exceed the current liabilities by \$3.6 million, representing the City's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at December 31, 2005 totaled \$148 million.
- During the year ended December 31, 2005, the City's total expenses exceeded total revenues (which include charges for services, local taxes and state and federal aid) by \$7.7 million.
- The City's total indebtedness decreased by \$163,515, primarily due to the spend down of the notes payable.
- The City's net capital assets decreased \$8.8 million in the current fiscal year.

Using This Financial Report

This annual report consists of two distinct series of financial statements: government-wide and funds. In addition, the annual report includes budgetary-basis financial statement comparisons, in accordance with the State of Kansas cash basis and budget laws.

The government-wide statements are designed to provide information about the City's activities as a whole and provide a longer-term view of the City's finances. The fund financial statements tell how the City's services for both governmental and business-type activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in greater detail than the government-wide statements by providing information about the City's most significant funds. In addition, combining statements included in the supplemental information show detail of all other governmental funds. The City also holds fiduciary funds on behalf of various parties. These funds are reported in a separate statement.

Reporting on the City as a Whole (Government Wide)

Statement of Net Assets and the Statement of Activities

The view of the City as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Assets and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the City's net assets and current year change in those net assets. The change in net assets is important because it tells the reader whether the City, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, state mandates, and the financial condition of the State of Kansas general fund.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2005
Unaudited

In the Statement of Net Assets and the Statement of Activities, the City is divided into two distinct kinds of activities:

Governmental Activities - Most of the City's programs and services are reported here including general government, public safety, highways and streets, culture and recreation, health and environment, building and maintenance, planning and development and airport operation.

Business-Type Activities - These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The City's solid waste disposal, sewer utility, and water utility are reported as business-type activities. In addition, the City's workers' compensation fund and the employee health care fund treated as internal service funds.

Reporting the City's Most Significant Funds (Fund Financial Statements)

Fund financial statements provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. The main fund financial statements focus on the City's most significant funds. Combining fund balance sheets and statements of revenues, expenditures and changes in fund balances provide detailed information about all of the City's non-major governmental funds.

Governmental Funds - Most of the City's activities are reported in the governmental funds, which focus on how many flows into and out of the funds and balances left over at fiscal year end available to be spent in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader to decide where there are more or fewer financial resources that can be spent in the near term to finance the City's programs. Major differences between the City's governmental activities as reported in the Statement of Net Assets and the Statement of Activities and its governmental funds are reconciled in the Governmental Funds financial statements.

Proprietary Funds - Proprietary funds (Solid Waste Disposal, Sewer Utility and Water Utility) are enterprise funds that use the same basis of accounting as business-type activities, therefore, these statements replicate the information provided in the government-wide financial statements.

The City as a Whole

Government-Wide Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Emporia, Kansas, assets exceeded liabilities by \$109 million at the end of the current fiscal year.

By far the largest portion of the City of Emporia's net assets (94 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City of Emporia uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Emporia's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2005
Unaudited

The Statement of Net Assets provides the financial position of the City as a whole. The following is a summary of the City's Statement of Net Assets as of December 31, 2005:

City of Emporia
Condensed Statement of Net Assets
December 31, 2005 and 2004

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | <u>2004</u> | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> | <u>2005</u> |
| Current assets | \$ 5,398,702 | \$ 6,941,163 | \$ 2,985,314 | \$ 2,605,179 | \$ 8,384,016 | \$ 9,546,342 |
| Net capital assets | <u>115,078,223</u> | <u>108,302,690</u> | <u>42,082,673</u> | <u>40,086,478</u> | <u>157,160,896</u> | <u>148,389,168</u> |
| Total assets | <u>\$ 120,476,925</u> | <u>\$ 115,243,853</u> | <u>\$ 45,067,987</u> | <u>\$ 42,691,657</u> | <u>\$ 165,544,912</u> | <u>\$ 157,935,510</u> |
| Current liabilities | \$ 3,496,863 | \$ 3,828,243 | \$ 1,961,168 | \$ 2,130,316 | \$ 5,458,031 | \$ 5,958,559 |
| Noncurrent liabilities | <u>23,376,807</u> | <u>24,160,522</u> | <u>19,778,470</u> | <u>18,547,338</u> | <u>43,155,277</u> | <u>42,707,860</u> |
| Total liabilities | <u>\$ 26,873,670</u> | <u>\$ 27,988,765</u> | <u>\$ 21,739,638</u> | <u>\$ 20,677,654</u> | <u>\$ 48,613,308</u> | <u>\$ 48,666,419</u> |
| Net Assets: | | | | | | |
| Invested in capital assets, net of related debt | \$ 90,115,362 | \$ 82,349,192 | \$ 21,030,184 | \$ 20,188,141 | \$ 111,145,546 | \$ 102,537,333 |
| Restricted for : | | | | | | |
| Debt Service | 385,615 | 99,442 | - | - | 385,615 | 99,442 |
| Unrestricted | <u>3,102,278</u> | <u>4,806,454</u> | <u>2,298,165</u> | <u>1,825,862</u> | <u>5,400,443</u> | <u>6,632,316</u> |
| Total net assets | <u>\$ 93,603,255</u> | <u>\$ 87,255,088</u> | <u>\$ 23,328,349</u> | <u>\$ 22,014,003</u> | <u>\$ 116,931,604</u> | <u>\$ 109,269,091</u> |

An additional portion of the City of Emporia's net assets (.09 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$6.6 million) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Emporia is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a decrease of \$286,173 in restricted net assets reported in connection with the City of Emporia's governmental activities. This decrease resulted from the decrease in the Debt Service Fund fund balance.

The City's net assets decreased by \$7.7 million during the current fiscal year. This decrease was due to depreciation of capital assets during the year.

Governmental Activities

Governmental activities decreased the City of Emporia's net assets by \$6.4 million thereby accounting for 83 percent of the total decrease in the net assets of the City. Key elements of this decrease are as follows:

Property taxes increased by \$218,853 (2 percent) during the year. Most of this increase is the product of a larger tax base.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2005
Unaudited

The following is a condensed statement of the City's change in net assets for the year ended December 31, 2005.

| City of Emporia Condensed Statement of Changes in Net Assets For the Year Ended December 31, 2005 and 2004 | | | | | | |
|--|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | <u>2004</u> | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> | <u>2005</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,200,665 | \$ 3,736,026 | \$ 9,975,459 | \$ 9,976,335 | \$ 14,176,124 | \$ 13,712,361 |
| Operating grants | 2,098,470 | 2,478,260 | - | - | 2,098,470 | 2,478,260 |
| Capital grants | - | - | - | 164,214 | - | 164,214 |
| General revenues: | | | | | | |
| Property taxes | 11,627,273 | 11,668,957 | - | - | 11,627,273 | 11,668,957 |
| Other | <u>323,024</u> | <u>500,193</u> | <u>270,597</u> | <u>242,403</u> | <u>593,621</u> | <u>742,596</u> |
| Total revenues | <u>18,249,432</u> | <u>18,383,436</u> | <u>10,246,056</u> | <u>10,382,952</u> | <u>28,495,488</u> | <u>28,766,388</u> |
| Program expenses: | | | | | | |
| General government | 3,667,468 | 3,661,655 | - | - | 3,667,468 | 3,661,655 |
| Public safety | 7,920,078 | 8,735,530 | - | - | 7,920,078 | 8,735,530 |
| Highways and streets | 8,147,882 | 8,174,128 | - | - | 8,147,882 | 8,174,128 |
| Culture and recreation | 2,693,563 | 2,779,900 | - | - | 2,693,563 | 2,779,900 |
| Health and environment | 66,672 | 65,539 | - | - | 66,672 | 65,539 |
| Building and maintenance | 1,006,234 | 940,398 | - | - | 1,006,234 | 940,398 |
| Planning and development | 1,485,859 | 1,385,571 | - | - | 1,485,859 | 1,385,571 |
| Airport operations | 518,685 | 538,347 | - | - | 518,685 | 538,347 |
| Solid waste disposal | - | - | 2,434,993 | 2,561,538 | 2,434,993 | 2,561,538 |
| Sewer utility | - | - | 2,224,003 | 3,077,282 | 2,224,003 | 3,077,282 |
| Water utility | - | - | 3,503,268 | 3,491,982 | 3,503,268 | 3,491,982 |
| Interest on long term debt | <u>1,097,258</u> | <u>1,067,693</u> | <u>-</u> | <u>-</u> | <u>1,097,258</u> | <u>1,067,693</u> |
| Total expenses | <u>26,603,699</u> | <u>27,348,761</u> | <u>8,162,264</u> | <u>9,130,802</u> | <u>34,765,963</u> | <u>36,479,563</u> |
| Increase (decrease) in net assets before transfers | (8,354,267) | (8,965,325) | 2,083,792 | 1,252,150 | (6,270,475) | (7,713,175) |
| Transfers | <u>2,040,880</u> | <u>2,566,496</u> | <u>(2,040,880)</u> | <u>(2,566,496)</u> | <u>-</u> | <u>-</u> |
| Increase (decrease) in net assets | <u>\$ (6,313,387)</u> | <u>\$ (6,398,829)</u> | <u>\$ 42,912</u> | <u>\$ (1,314,346)</u> | <u>\$ (6,270,475)</u> | <u>\$ (7,713,175)</u> |

Business-type Activities

Business-type activities decreased the City of Emporia's net assets by \$1.3 million accounting for 17 percent of the total decrease in the City's net assets. The key element of this decrease is the transfers made to the General Fund to reimburse the fund for administrative functions and support at the end of the current fiscal year.

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for on the modified accrual basis of accounting.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2005
Unaudited

The governmental funds of the City provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unreserved fund balances, in particular, measures the City's net resources available for spending at the end of the City's fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4.3 million, an increase of \$1.3 million in comparison with the prior year. Most of this total amount (\$1.9 million) constitutes capital project fund balances, which are available for spending on large capital projects. The remainder of fund balance changes were as follows:

\$165,655 Special Revenue Funds available for state defined projects and services.

[\$286,173] Debt Service Fund available for debt service requirements.

\$22,458 General Fund available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$.9 million. The fund balance of the City's general fund decreased by \$28,205 during the current fiscal year.

The Industrial Development Sales Tax Fund is used to account for the receipt of retail sales tax and expenditures of funds generated by a portion of the City's retail sales tax. The ending fund balance of the Industrial Development Sales Tax Fund was approximately \$1 million at December 31, 2005.

The Debt Service Fund has a total fund balance of \$99,442, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the fund was \$286,173. The City retired one bond issue and waited until year end to borrow additional funds, reducing the present funding of this amount.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the year amounted to \$1.2 million, the Sewer Fund at the end of the year amounted to \$.5 million and those for the Solid Waste Disposal Fund operation amounted to \$.1 million. The total change in net assets for Solid Waste Disposal was a decrease of \$.2 million, for Sewer the change was a decrease of \$.6 million and for Water the change was a decrease of \$.5 million. The factors concerning the finances of these funds have already been addressed in the discussion of the City's business type activities.

General Fund Budgeting Highlights

The City's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The City's final General Fund budget was \$14,588,445, the same as the original published budget. The revenues were more than budgetary estimates by \$.4 million and the expenditures were less than budgetary estimates by \$45,216. A \$700,000 transfer from the business-type activities was needed to keep the General Fund positive. Adjustments to the gas franchise fees have been reduced due to attrition to keep a similar situation from occurring in the future.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental and business-type activities totaled \$148 million (net of accumulated depreciation) as of December 31, 2005. This investment in capital assets includes land, buildings and

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2005
Unaudited

systems, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was 6 percent (a 6 percent decrease for governmental activities and a 5 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

Construction began on two bridges and a roundabout totaling \$2,280,500

Sewer improvements for the Cedar Bend Subdivision were made totaling \$260,060

Park system improvements totaling \$100,000 were also made

Additional information on the City's capital assets can be found in Note I of the financial statements.

At December 31, 2005, the City had total debt outstanding of \$45.8 million, backed by the full faith and credit of the City. Total long-term debt decreased for the fiscal year ended December 31, 2005, in the amount of \$163,515. The City is not rated by any of the three rating agencies, but still receives favorable rates on the bonds offered to the public. The ratio of bonded debt to assessed valuation for the City is 22.474%. In October, 2005, the City issued \$3,160,000 of general obligation bonds to finance a variety of projects and improvements. \$1,665,000 of this bond issue was for bridge projects which will enable future commercial and industrial development.

Additional information on the City's general long term debt can be found in Note IV to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City is currently 4.1 percent, which is the same as a year ago. This compares favorably to the state's average unemployment rate of 4.3 percent and the national average rate of 5.7 percent.

The occupancy rate of the City's central business district has remained at approximately 92 percent for the past three years.

Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2006 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the General Fund decreased by .03 million. The City is trying to increase reserves in the 2006 fiscal year budget by decreasing operating expenditures. It is intended that by using this approach the City will avoid the need to raise taxes or charges during the 2007 fiscal year. It also is intended to obviate the need for the transfer of additional resources to the General Fund from the business-type activities, as occurred during the prior years.

The Water and Refuse rates are planned to be increased for the 2006 fiscal budget year. Refuse rates were increased by an average of 2 percent for all residential and commercial rates were increased 5%. Rate increase for water will likely have a greater impact on commercial accounts which have greater water consumption. These rate increases were needed to fund future equipment and capital expenditures and to keep pace with higher operating costs associated with higher fuel prices.

Contacting the City

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City's Finance Department at 522 Mechanic, Emporia, Kansas 66801.

BASIC FINANCIAL STATEMENTS

CITY OF EMPORIA, KANSAS

STATEMENT OF NET ASSETS
December 31, 2005

| | Governmental Activities | Business-type Activities | Primary Government Total | Component Unit Total Governmental Activities |
|---|----------------------------|-----------------------------|--------------------------------|---|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 5,906,990 | \$ 974,440 | \$ 6,881,430 | \$ 322,364 |
| Cash with fiscal agent | 36,041 | - | 36,041 | - |
| Accounts receivable | 998,132 | 976,038 | 1,974,170 | 26 |
| Inventory | - | 283,526 | 283,526 | - |
| Prepaid loan costs, net | - | 371,175 | 371,175 | - |
| Total current assets | <u>6,941,163</u> | <u>2,605,179</u> | <u>9,546,342</u> | <u>322,390</u> |
| Capital assets: | | | | |
| Construction in progress | - | 14,469 | 14,469 | - |
| Land | 1,683,849 | 210,525 | 1,894,374 | - |
| Capital assets | 219,822,787 | 65,654,262 | 285,477,049 | 619,947 |
| Less: accumulated depreciation | <u>113,203,946</u> | <u>25,792,778</u> | <u>138,996,724</u> | <u>282,201</u> |
| Total net capital assets | <u>108,302,690</u> | <u>40,086,478</u> | <u>148,389,168</u> | <u>337,746</u> |
| Total assets | <u>\$ 115,243,853</u> | <u>\$ 42,691,657</u> | <u>\$ 157,935,510</u> | <u>\$ 660,136</u> |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 257,218 | \$ 302,967 | \$ 560,185 | \$ 20,939 |
| Accrued liabilities | 926,254 | 347,050 | 1,273,304 | 9,355 |
| Interest payable | 305,814 | 61,218 | 367,032 | - |
| Matured bond principal and interest | 36,041 | - | 36,041 | - |
| Current portion of compensated absences payable | 454,357 | 68,082 | 522,439 | 12,618 |
| Current portion of loans payable | 24,468 | - | 24,468 | - |
| Current portion of notes payable | - | 725,090 | 725,090 | - |
| Current portion of general obligation bonds payable | <u>1,824,091</u> | <u>625,909</u> | <u>2,450,000</u> | <u>-</u> |
| Total current liabilities (payable from current assets) | <u>3,828,243</u> | <u>2,130,316</u> | <u>5,958,559</u> | <u>42,912</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences | 55,583 | - | 55,583 | - |
| General obligation bonds payable | 23,961,309 | 4,928,691 | 28,890,000 | - |
| Loans payable | 143,630 | - | 143,630 | - |
| Notes payable | - | 13,618,647 | 13,618,647 | - |
| Total noncurrent liabilities | <u>24,160,522</u> | <u>18,547,338</u> | <u>42,707,860</u> | <u>-</u> |
| Total liabilities | <u>\$ 27,988,765</u> | <u>\$ 20,677,654</u> | <u>\$ 48,666,419</u> | <u>\$ 42,912</u> |
| Net Assets | | | | |
| Invested in capital assets, net of related debt | \$ 82,349,192 | \$ 20,188,141 | \$ 102,537,333 | \$ 306,094 |
| Restricted for: | | | | |
| Debt service | 99,442 | - | 99,442 | - |
| Grantor restricted | - | - | - | 7,298 |
| Donor restricted | - | - | - | 28,250 |
| Unrestricted | <u>4,806,454</u> | <u>1,825,862</u> | <u>6,632,316</u> | <u>275,582</u> |
| Total net assets | <u>\$ 87,255,088</u> | <u>\$ 22,014,003</u> | <u>\$ 109,269,091</u> | <u>\$ 617,224</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2005

| | | | | | Net [Expenses] Revenue and Changes in Net Assets | | | |
|--------------------------------------|------------------|-------------------------|--|--|---|--------------------------------|----------------|-------------------------------------|
| | Program Revenues | | | | Primary Government | | | Component Unit |
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business Type Activities | Total | Total Governmental Activities |
| Governmental activities: | | | | | | | | |
| General government | \$ 3,661,655 | \$ 1,732,685 | \$ 802,069 | \$ - | \$ [1,126,901] | \$ - | \$ [1,126,901] | \$ - |
| Public safety | 8,735,530 | 1,418,612 | 175,293 | - | [7,141,625] | - | [7,141,625] | - |
| Highways and streets | 8,174,128 | - | 865,045 | - | [7,309,083] | - | [7,309,083] | - |
| Culture and recreation | 2,779,900 | 381,834 | 18,955 | - | [2,379,111] | - | [2,379,111] | - |
| Health and environment | 65,539 | - | 74,945 | - | 9,406 | - | 9,406 | - |
| Building maintenance | 940,398 | 7,609 | - | - | [932,789] | - | [932,789] | - |
| Planning and development | 1,385,571 | - | 503,203 | - | [882,368] | - | [882,368] | - |
| Airport operations | 538,347 | 195,286 | 38,750 | - | [304,311] | - | [304,311] | - |
| Interest on long-term debt | 1,067,693 | - | - | - | [1,067,693] | - | [1,067,693] | - |
| Total governmental activities | 27,348,761 | 3,736,026 | 2,478,260 | - | [21,134,475] | - | [21,134,475] | - |
| Business-type activities: | | | | | | | | |
| Solid Waste Disposal | 2,561,538 | 2,637,269 | - | 63,387 | - | 139,118 | 139,118 | - |
| Sewer Utility | 3,077,282 | 3,176,925 | - | 100,827 | - | 200,470 | 200,470 | - |
| Water Utility | 3,491,982 | 4,162,141 | - | - | - | 670,159 | 670,159 | - |
| Total business-type activities | 9,130,802 | 9,976,335 | - | 164,214 | - | 1,009,747 | 1,009,747 | - |
| Total primary government | \$ 36,479,563 | \$ 13,712,361 | \$ 2,478,260 | \$ 164,214 | [21,134,475] | 1,009,747 | [20,124,728] | - |
| Component unit: | | | | | | | | |
| Emporia Public Library | | | | | | | | |
| Culture and recreation | \$ 790,883 | \$ 22,868 | \$ 810,569 | \$ - | \$ - | \$ - | \$ - | \$ 42,554 |
| Total component unit | \$ 790,883 | \$ 22,868 | \$ 810,569 | \$ - | - | - | - | 42,554 |
| General Revenues: | | | | | | | | |
| Property taxes levied for | | | | | | | | |
| General purposes | | | | | 9,688,605 | - | 9,688,605 | - |
| Debt service | | | | | 1,980,352 | - | 1,980,352 | - |
| Investments earnings | | | | | 231,223 | 50,789 | 282,012 | 10,878 |
| Miscellaneous | | | | | 268,970 | 191,614 | 460,584 | 3,012 |
| Transfers, net | | | | | 2,566,496 | [2,566,496] | - | - |
| Total general revenues and transfers | | | | | 14,735,646 | [2,324,093] | 12,411,553 | 13,890 |
| Change in net assets | | | | | [6,398,829] | [1,314,346] | [7,713,175] | 56,444 |
| Net assets - beginning | | | | | 93,603,254 | 23,328,349 | 116,931,603 | 560,780 |
| Restatement | | | | | 50,663 | - | 50,663 | - |
| Net assets - beginning, restated | | | | | 93,653,917 | 23,328,349 | 116,982,266 | 560,780 |
| Net assets - ending | | | | | \$ 87,255,088 | \$ 22,014,003 | \$ 109,269,091 | \$ 617,224 |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2005

| | <u>General</u> | <u>Industrial Development Sales Tax</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--------------------------------------|---------------------|---|-------------------------|---|---|
| ASSETS | | | | | |
| Cash and investments | \$ 651,595 | \$ 845,649 | \$ 105,875 | \$ 2,348,170 | \$ 3,951,289 |
| Cash with fiscal agent | - | - | 36,041 | - | 36,041 |
| Receivables | | | | | |
| Accounts | 763,222 | 177,080 | - | 57,725 | 998,027 |
| Taxes | 3,420,939 | - | 1,713,359 | 599,874 | 5,734,172 |
| Due from other funds | - | - | - | 627,832 | 627,832 |
| Total assets | <u>\$ 4,835,756</u> | <u>\$ 1,022,729</u> | <u>\$ 1,855,275</u> | <u>\$ 3,633,601</u> | <u>\$ 11,347,361</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 121,843 | \$ - | \$ - | \$ 121,187 | \$ 243,030 |
| Accrued liabilities | 386,707 | - | 6,433 | 27,881 | 421,021 |
| Matured bonds and interest payable | - | - | 36,041 | - | 36,041 |
| Due to other funds | - | - | - | 627,832 | 627,832 |
| Deferred revenue | 3,420,939 | - | 1,713,359 | 599,770 | 5,734,068 |
| Total liabilities | <u>3,929,489</u> | <u>-</u> | <u>1,755,833</u> | <u>1,376,670</u> | <u>7,061,992</u> |
| Fund balance: | | | | | |
| Unreserved | | | | | |
| Undesignated, reported in: | | | | | |
| Special revenue funds | - | 1,022,729 | - | 307,171 | 1,329,900 |
| Debt service fund | - | - | 99,442 | - | 99,442 |
| Capital projects funds | - | - | - | 1,949,760 | 1,949,760 |
| General fund | 906,267 | - | - | - | 906,267 |
| Total fund balance [deficit] | <u>906,267</u> | <u>1,022,729</u> | <u>99,442</u> | <u>2,256,931</u> | <u>4,285,369</u> |
| Total liabilities and fund balances | <u>\$ 4,835,756</u> | <u>\$ 1,022,729</u> | <u>\$ 1,855,275</u> | <u>\$ 3,633,601</u> | <u>\$ 11,347,361</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2005

| | | |
|--|--------------------|----------------------|
| Total Governmental Fund Balances | | \$ 4,285,369 |
| Amounts reported for governmental activities in the statement of net assets are different because | | |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets of liabilities of certain internal service funds are included in governmental activities in the statement of net assets. | | 1,436,280 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds | | |
| The cost of capital assets is | 221,506,636 | |
| Accumulated depreciation is | <u>113,203,946</u> | 108,302,690 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long term liabilities at year end consist of: | | |
| General obligation bonds payable | 25,785,400 | |
| Loans payable | 168,098 | |
| Interest payable | 305,813 | |
| Compensated absences payable | <u>509,940</u> | <u>[26,769,251]</u> |
| Net Assets of Governmental Activities | | <u>\$ 87,255,088</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2005

| | General | Industrial Development Sales Tax | Debt Service | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|--|------------------|--------------------------------|--------------------------------|
| REVENUES: | | | | | |
| Taxes | \$ 9,039,741 | \$ - | \$ 1,922,042 | \$ 648,864 | \$ 11,610,647 |
| Charges for services | 1,380,037 | - | - | - | 1,380,037 |
| Special assessments | - | - | 58,310 | - | 58,310 |
| Intergovernmental | 213,684 | 169,428 | - | 2,089,017 | 2,472,129 |
| Licenses and permits | 236,014 | - | - | - | 236,014 |
| Fines and fees | 704,566 | - | - | - | 704,566 |
| Use of money and property | 92,113 | 22,246 | 24,426 | 44,029 | 182,814 |
| Contributions | - | - | - | 6,131 | 6,131 |
| Miscellaneous | 148,873 | - | - | 120,097 | 268,970 |
| Total revenues | <u>11,815,028</u> | <u>191,674</u> | <u>2,004,778</u> | <u>2,908,138</u> | <u>16,919,618</u> |
| EXPENDITURES: | | | | | |
| Current | | | | | |
| General government | 1,224,741 | - | - | 398,937 | 1,623,678 |
| Public safety | 8,336,882 | - | - | 107,683 | 8,444,565 |
| Highways and streets | 820,165 | - | - | 767,699 | 1,587,864 |
| Culture and recreation | 1,441,797 | - | - | 656,740 | 2,098,537 |
| Health and environment | - | - | - | 65,539 | 65,539 |
| Building maintenance | 839,482 | - | - | - | 839,482 |
| Planning and development | 309,060 | 711,320 | - | 365,191 | 1,385,571 |
| Airport operations | 364,066 | - | - | - | 364,066 |
| Appropriation | 99,943 | - | - | - | 99,943 |
| Capital outlay | - | - | - | 1,583,078 | 1,583,078 |
| Debt service | | | | | |
| Principal | - | 23,986 | 1,557,200 | 420,000 | 2,001,186 |
| Interest and other charges | - | 3,722 | 1,038,814 | 30,956 | 1,073,492 |
| Total expenditures | <u>13,436,136</u> | <u>739,028</u> | <u>2,596,014</u> | <u>4,395,823</u> | <u>21,167,001</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>[1,621,108]</u> | <u>[547,354]</u> | <u>[591,236]</u> | <u>[1,487,685]</u> | <u>[4,247,383]</u> |
| OTHER FINANCING SOURCES [USES] | | | | | |
| Transfers in | 2,699,996 | 599,846 | 305,063 | 236,341 | 3,841,246 |
| Transfers out | [1,107,093] | - | - | [167,657] | [1,274,750] |
| Sale of bonds | - | - | - | 3,022,000 | 3,022,000 |
| Total other financing sources [uses] | <u>1,592,903</u> | <u>599,846</u> | <u>305,063</u> | <u>3,090,684</u> | <u>5,588,496</u> |
| Net change in fund balances | <u>[28,205]</u> | <u>52,492</u> | <u>[286,173]</u> | <u>1,602,999</u> | <u>1,341,113</u> |
| Fund balance - Beginning of year | 883,809 | 970,237 | 385,615 | 653,932 | 2,893,593 |
| Prior period adjustment | 50,663 | - | - | - | 50,663 |
| Fund balance - Beginning of year, restated | <u>934,472</u> | <u>970,237</u> | <u>385,615</u> | <u>653,932</u> | <u>2,944,256</u> |
| Fund balance - End of year | <u>\$ 906,267</u> | <u>\$ 1,022,729</u> | <u>\$ 99,442</u> | <u>\$ 2,256,931</u> | <u>\$ 4,285,369</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2005

Total Net Change In Fund Balances - Governmental Funds \$ 1,341,113

Amounts reported for governmental activities in the
statement of activities are different because

Capital outlays to purchase or build assets are reported in governmental funds
as expenditures. However, for governmental activities those costs are shown
in the statement of net assets and allocated over their estimated useful lives
as annual depreciation expenses in the statement of activities. This is the
amount by which capital outlays exceeds depreciation in the period.

| | | |
|----------------------------|--------------------|-------------|
| Capital outlays | 1,080,862 | |
| Transfer of capital assets | [3,512] | |
| Depreciation expense | <u>[7,852,882]</u> | [6,775,532] |

Internal service funds are used by management to charge the costs of certain
activities, such as insurance, to individual funds. The revenues and expenses
of certain internal service funds are included in governmental activities in the
statement of activities.

85,057

Interest on long-term debt in the statement of activities differs from the amount
reported in the governmental funds because interest is recorded as an
expenditure in the funds when it is due, and thus requires the use of current
financial resources. In the statement of activities, however, interest expense
is recognized as the interest accrues, regardless of when it is due. This is
the amount by which interest increased.

5,799

Some expenses reported in the statement of activities, such as compensated
absences, do not require the use of current financial resources and therefore
are not reported as expenditures in governmental funds.

[64,630]

Proceeds of bonds is a revenue in the governmental funds, but
it increases long-term liabilities in the statement of net assets and does not
affect the statement of activities.

[3,022,000]

Repayment of lease principal is an expenditure in the governmental funds, but
it reduces long-term liabilities in the statement of net assets and does not
affect the statement of activities.

30,178

Repayment of bond principal is an expenditure in the governmental funds, but
it reduces long-term liabilities in the statement of net assets and does not
affect the statement of activities.

2,001,186

Changes In Net Assets of Governmental Activities \$ [6,398,829]

CITY OF EMPORIA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2005

| | GAAP | Adjustments | Budgetary | Budgeted Amounts | | Variance with |
|----------------------------|--------------|--------------|--------------|------------------|--------------|---------------|
| | Basis | to Budgetary | Basis | Original | Final | Final Budget |
| | | Basis | | | | Positive |
| | | | | | | [Negative] |
| REVENUES: | | | | | | |
| Taxes | \$ 9,039,741 | \$ - | \$ 9,039,741 | \$ 9,074,438 | \$ 9,074,438 | \$ [34,697] |
| Intergovernmental | 213,684 | - | 213,684 | 161,158 | 161,158 | 52,526 |
| Licenses and permits | 236,014 | - | 236,014 | 152,400 | 152,400 | 83,614 |
| Charges for services | 1,380,037 | - | 1,380,037 | 2,025,550 | 2,025,550 | [645,513] |
| Fines and fees | 704,566 | - | 704,566 | 776,100 | 776,100 | [71,534] |
| Use of money and property | 92,113 | - | 92,113 | 93,550 | 93,550 | [1,437] |
| Reimbursements | - | - | - | 61,700 | 61,700 | [61,700] |
| Miscellaneous | 148,873 | - | 148,873 | 1,808,950 | 1,808,950 | [1,660,077] |
| Total revenues | 11,815,028 | - | 11,815,028 | 14,153,846 | 14,153,846 | [2,338,818] |
| EXPENDITURES: | | | | | | |
| Current | | | | | | |
| General government | 1,224,741 | - | 1,224,741 | 1,325,533 | 1,325,533 | 100,792 |
| Public safety | | | | | | |
| Law enforcement | 4,090,746 | - | 4,090,746 | 4,051,265 | 4,051,265 | [39,481] |
| Animal control | 142,496 | - | 142,496 | 158,105 | 158,105 | 15,609 |
| Court services | 500,171 | - | 500,171 | 476,100 | 476,100 | [24,071] |
| Ambulance | 1,524,724 | - | 1,524,724 | 1,063,930 | 1,063,930 | [460,794] |
| Fire | 2,078,745 | - | 2,078,745 | 2,546,484 | 2,546,484 | 467,739 |
| Total public safety | 8,336,882 | - | 8,336,882 | 8,295,884 | 8,295,884 | [40,998] |
| Highways and streets | | | | | | |
| Maintenance | | | | | | |
| Maintenance | 617,865 | - | 617,865 | 499,065 | 499,065 | [118,800] |
| Snow removal | 25,668 | - | 25,668 | 25,000 | 25,000 | [668] |
| Street lighting | 176,632 | - | 176,632 | 178,000 | 178,000 | 1,368 |
| Total highways and streets | 820,165 | - | 820,165 | 702,065 | 702,065 | [118,100] |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND

For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|---------------|--------------------------------------|--------------------|------------------|--------------|---|
| | | | | Original | Final | |
| EXPENDITURES - continued: | | | | | | |
| Current - continued | | | | | | |
| Culture and recreation | | | | | | |
| Park | \$ 607,649 | \$ - | \$ 607,649 | \$ 737,335 | \$ 737,335 | \$ 129,686 |
| Lake Kahola | 185 | - | 185 | 200 | 200 | 15 |
| Swimming Pool/Peter Pan Park | 86,057 | - | 86,057 | 84,670 | 84,670 | [1,387] |
| Golf course | 317,922 | - | 317,922 | 445,808 | 445,808 | 127,886 |
| Golf shop | 182,083 | - | 182,083 | 210,130 | 210,130 | 28,047 |
| Zoo | 247,901 | - | 247,901 | 258,165 | 258,165 | 10,264 |
| Total culture and recreation | 1,441,797 | - | 1,441,797 | 1,736,308 | 1,736,308 | 294,511 |
| Building maintenance | | | | | | |
| Engineering | 260,259 | - | 260,259 | 447,860 | 447,860 | 187,601 |
| Grounds maintenance | 61,685 | - | 61,685 | 56,730 | 56,730 | [4,955] |
| Civic building | 461,505 | - | 461,505 | 481,260 | 481,260 | 19,755 |
| Library maintenance | 56,033 | - | 56,033 | 58,515 | 58,515 | 2,482 |
| Total building maintenance | 839,482 | - | 839,482 | 1,044,365 | 1,044,365 | 204,883 |
| Planning and development | 309,060 | - | 309,060 | 38,300 | 38,300 | [270,760] |
| Airport operations | 364,066 | - | 364,066 | 346,310 | 346,310 | [17,756] |
| Appropriations | 99,943 | - | 99,943 | 99,680 | 99,680 | [263] |
| Total expenditures | 13,436,136 | - | 13,436,136 | 13,588,445 | 13,588,445 | 152,309 |
| Excess [deficiency] of revenues over [under] expenditures | [1,621,108] | - | [1,621,108] | 565,401 | 565,401 | [2,186,509] |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers in | 2,699,996 | - | 2,699,996 | - | - | 2,699,996 |
| Transfers out | [1,107,093] | - | [1,107,093] | [1,000,000] | [1,000,000] | [107,093] |
| Total other financing sources [uses] | 1,592,903 | - | 1,592,903 | [1,000,000] | [1,000,000] | 2,592,903 |
| Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses] | [28,205] | - | [28,205] | \$ [434,599] | \$ [434,599] | \$ 406,394 |
| FUND BALANCE - Beginning of year | 883,809 | - | 883,809 | | | |
| Prior period adjustment | 50,663 | - | 50,663 | | | |
| FUND BALANCE - Beginning of year | 934,472 | - | 934,472 | | | |
| FUND BALANCE - End of year | \$ 906,267 | \$ - | \$ 906,267 | | | |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
INDUSTRIAL DEVELOPMENT SALES TAX FUND
For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|---------------------|--------------------------------------|---------------------|---------------------|---------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 169,428 | \$ - | \$ 169,428 | \$ 135,000 | \$ 135,000 | \$ 34,428 |
| Use of money and property | <u>22,246</u> | <u>-</u> | <u>22,246</u> | <u>10,000</u> | <u>10,000</u> | <u>12,246</u> |
| Total revenues | <u>191,674</u> | <u>-</u> | <u>191,674</u> | <u>145,000</u> | <u>145,000</u> | <u>46,674</u> |
| EXPENDITURES: | | | | | | |
| Current | | | | | | |
| Planning and development | | | | | | |
| Contractual services | 711,320 | - | 711,320 | 1,538,586 | 1,538,586 | 827,266 |
| Debt service | | | | | | |
| Principal | 23,986 | - | 23,986 | 33,907 | 33,907 | 9,921 |
| Interest and other charges | <u>3,722</u> | <u>-</u> | <u>3,722</u> | <u>4,889</u> | <u>4,889</u> | <u>1,167</u> |
| Total expenditures | <u>739,028</u> | <u>-</u> | <u>739,028</u> | <u>1,577,382</u> | <u>1,577,382</u> | <u>838,354</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>[547,354]</u> | <u>-</u> | <u>[547,354]</u> | <u>[1,432,382]</u> | <u>[1,432,382]</u> | <u>885,028</u> |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers in | <u>599,846</u> | <u>-</u> | <u>599,846</u> | <u>673,375</u> | <u>673,375</u> | <u>[73,529]</u> |
| Excess of revenues over [under] expenditures and other financing [uses] | <u>52,492</u> | <u>-</u> | <u>52,492</u> | <u>\$ [759,007]</u> | <u>\$ [759,007]</u> | <u>\$ 811,499</u> |
| FUND BALANCE - Beginning of year | <u>970,237</u> | <u>-</u> | <u>970,237</u> | | | |
| FUND BALANCE - End of year | <u>\$ 1,022,729</u> | <u>\$ -</u> | <u>\$ 1,022,729</u> | | | |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2005

| | Business-Type Activities: Enterprise Funds | | | | Internal Service Funds |
|---|---|----------------------|----------------------|------------------------------|------------------------------|
| | Solid Waste Disposal | Sewer Utility | Water Utility | Total Enterprise Funds | |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 194,872 | \$ 296,903 | \$ 482,665 | \$ 974,440 | \$ 237,185 |
| Investments | - | - | - | - | 1,718,516 |
| Receivables (net of allowance for uncollectibles) | 270,525 | 325,457 | 380,056 | 976,038 | - |
| Inventory | - | - | 283,526 | 283,526 | - |
| Deferred charges | - | - | 371,175 | 371,175 | - |
| Total current assets | <u>465,397</u> | <u>622,360</u> | <u>1,517,422</u> | <u>2,605,179</u> | <u>1,955,701</u> |
| Capital assets: | | | | | |
| Construction in progress | - | - | 14,469 | 14,469 | - |
| Land | 102,625 | 7,702 | 100,198 | 210,525 | - |
| Capital assets | 3,601,415 | 34,375,007 | 27,677,840 | 65,654,262 | - |
| Less: accumulated depreciation | <u>1,651,608</u> | <u>12,834,633</u> | <u>11,306,537</u> | <u>25,792,778</u> | - |
| Total capital assets | <u>2,052,432</u> | <u>21,548,076</u> | <u>16,485,970</u> | <u>40,086,478</u> | - |
| Total assets | <u>\$ 2,517,829</u> | <u>\$ 22,170,436</u> | <u>\$ 18,003,392</u> | <u>\$ 42,691,657</u> | <u>\$ 1,955,701</u> |
| Liabilities: | | | | | |
| Current liabilities (payable from current assets): | | | | | |
| Accounts payable | \$ 78,907 | \$ 72,311 | \$ 151,749 | \$ 302,967 | \$ 14,188 |
| Accrued liabilities | 257,275 | 31,289 | 58,486 | 347,050 | - |
| Interest payable | - | 345 | 60,873 | 61,218 | - |
| Unpaid claims | - | - | - | - | 505,233 |
| Current portion of compensated absences payable | 12,074 | 13,056 | 42,952 | 68,082 | - |
| Current portion of notes payable | - | 539,393 | 185,697 | 725,090 | - |
| Current portion of general obligation bonds payable | <u>24,309</u> | - | <u>601,600</u> | <u>625,909</u> | - |
| Total current liabilities (payable from current assets) | <u>372,565</u> | <u>656,394</u> | <u>1,101,357</u> | <u>2,130,316</u> | <u>519,421</u> |
| Noncurrent liabilities: | | | | | |
| General obligation bonds payable | 113,691 | - | 4,815,000 | 4,928,691 | - |
| Notes payable | - | <u>10,055,090</u> | <u>3,563,557</u> | <u>13,618,647</u> | - |
| Total noncurrent liabilities | <u>113,691</u> | <u>10,055,090</u> | <u>8,378,557</u> | <u>18,547,338</u> | - |
| Total liabilities | <u>\$ 486,256</u> | <u>\$ 10,711,484</u> | <u>\$ 9,479,914</u> | <u>\$ 20,677,654</u> | <u>\$ 519,421</u> |
| Net Assets | | | | | |
| Invested in capital assets, net of related debt | \$ 1,914,432 | \$ 10,953,593 | \$ 7,320,116 | \$ 20,188,141 | \$ - |
| Unrestricted | <u>117,141</u> | <u>505,359</u> | <u>1,203,362</u> | <u>1,825,862</u> | <u>1,436,280</u> |
| Total net assets | <u>\$ 2,031,573</u> | <u>\$ 11,458,952</u> | <u>\$ 8,523,478</u> | <u>\$ 22,014,003</u> | <u>\$ 1,436,280</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2005

| | Business-Type Activities: Enterprise Funds | | | | |
|--|---|---------------------|--------------------|------------------------------|------------------------------|
| | Solid Waste Disposal | Sewer Utility | Water Utility | Total Enterprise Funds | Internal Service Funds |
| Operating revenues | | | | | |
| Charges for services | \$2,637,269 | \$ 3,176,925 | \$4,162,141 | \$ 9,976,335 | \$1,412,387 |
| Miscellaneous | 16,515 | 5,555 | 3,229 | 25,299 | 3,022 |
| Total operating revenues | <u>2,653,784</u> | <u>3,182,480</u> | <u>4,165,370</u> | <u>10,001,634</u> | <u>1,415,409</u> |
| Operating expenses | | | | | |
| Personal services | 1,090,044 | 647,034 | 680,846 | 2,417,924 | - |
| Contractual services | 1,051,150 | 622,592 | 1,155,777 | 2,829,519 | 1,378,761 |
| Commodities | 166,357 | 113,805 | 417,848 | 698,010 | - |
| Capital outlay | - | 55,861 | - | 55,861 | - |
| Depreciation | 232,486 | 1,278,940 | 817,504 | 2,328,930 | - |
| Other | 21,501 | 11,605 | 19,635 | 52,741 | - |
| Total operating expenses | <u>2,561,538</u> | <u>2,729,837</u> | <u>3,091,610</u> | <u>8,382,985</u> | <u>1,378,761</u> |
| Operating income [loss] | <u>92,246</u> | <u>452,643</u> | <u>1,073,760</u> | <u>1,618,649</u> | <u>36,648</u> |
| Nonoperating revenues [expenses] | | | | | |
| Interest income | 6,245 | 15,200 | 29,344 | 50,789 | 48,409 |
| Contributed capital | 63,387 | 100,827 | - | 164,214 | - |
| Interest expense | - | [348,869] | [400,372] | [749,241] | - |
| Gain [loss] on disposal of assets | 166,315 | 1,424 | - | 167,739 | - |
| Total nonoperating revenues [expenses] | <u>235,947</u> | <u>[231,418]</u> | <u>[371,028]</u> | <u>[366,499]</u> | <u>48,409</u> |
| Income [loss] before operating transfers | <u>328,193</u> | <u>221,225</u> | <u>702,732</u> | <u>1,252,150</u> | <u>85,057</u> |
| Transfers from [to] other funds | | | | | |
| Transfers out | [497,796] | [862,800] | [1,205,900] | [2,566,496] | - |
| Total transfers | <u>[497,796]</u> | <u>[862,800]</u> | <u>[1,205,900]</u> | <u>[2,566,496]</u> | <u>-</u> |
| Change in net assets | [169,603] | [641,575] | [503,168] | [1,314,346] | 85,057 |
| Net assets, January 1 | <u>2,201,176</u> | <u>12,100,527</u> | <u>9,026,646</u> | <u>23,328,349</u> | <u>1,351,223</u> |
| Net assets, December 31 | <u>\$2,031,573</u> | <u>\$11,458,952</u> | <u>\$8,523,478</u> | <u>\$22,014,003</u> | <u>\$1,436,280</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2005

| | Business-Type Activities: Enterprise Funds | | | | |
|--|---|-------------------|--------------------|------------------------------|------------------------------|
| | Solid Waste Disposal | Sewer Utility | Water Utility | Total Enterprise Funds | Internal Service Funds |
| Cash flows from operating activities | | | | | |
| Cash received from customers and users | \$ 2,665,390 | \$ 3,256,164 | \$ 4,284,009 | \$ 10,205,563 | \$ 1,412,387 |
| Cash payments to employees for services | [1,081,197] | [631,985] | [656,411] | [2,369,593] | - |
| Cash payments to other suppliers of goods or services | [1,239,716] | [795,484] | [1,594,400] | [3,629,600] | [1,308,865] |
| Other operating receipts | 16,515 | 5,555 | 3,229 | 25,299 | 3,022 |
| Net cash provided by [used in] operating activities | <u>360,992</u> | <u>1,834,250</u> | <u>2,036,427</u> | <u>4,231,669</u> | <u>106,544</u> |
| Cash flows from noncapital financing activities | | | | | |
| Transfers [to] other funds | <u>[497,796]</u> | <u>[862,800]</u> | <u>[1,205,900]</u> | <u>[2,566,496]</u> | <u>-</u> |
| Net cash provided by [used in] noncapital financing activities | <u>[497,796]</u> | <u>[862,800]</u> | <u>[1,205,900]</u> | <u>[2,566,496]</u> | <u>-</u> |
| Cash flows from capital and related financing activities | | | | | |
| Purchase and construction of capital assets | [143,826] | [12,562] | [14,837] | [171,225] | - |
| Principal paid on bonds and notes | - | [540,988] | [751,164] | [1,292,152] | - |
| Interest paid | - | [348,869] | [404,964] | [753,833] | - |
| Proceeds from sale of bonds | 138,000 | - | - | 138,000 | - |
| Proceeds from sale of salvage | <u>166,931</u> | <u>3,512</u> | <u>-</u> | <u>170,443</u> | <u>-</u> |
| Net cash provided by [used in] capital and related financing activities | <u>161,105</u> | <u>[898,907]</u> | <u>[1,170,965]</u> | <u>[1,908,767]</u> | <u>-</u> |
| Cash flows from investing activities | | | | | |
| Interest on investments | 6,245 | 15,200 | 29,344 | 50,789 | 48,409 |
| Proceeds from sale of investments | - | - | - | - | 1,646,859 |
| Purchase of investments | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>[1,718,516]</u> |
| Net cash provided by [used in] investing activities | <u>6,245</u> | <u>15,200</u> | <u>29,344</u> | <u>50,789</u> | <u>[23,248]</u> |
| Net increase [decrease] in cash and cash equivalents | 30,546 | 87,743 | [311,094] | [192,805] | 83,296 |
| Cash and cash equivalents - Beginning of year | <u>164,326</u> | <u>209,160</u> | <u>793,759</u> | <u>1,167,245</u> | <u>153,889</u> |
| Cash and cash equivalents - End of year | <u>\$ 194,872</u> | <u>\$ 296,903</u> | <u>\$ 482,665</u> | <u>\$ 974,440</u> | <u>\$ 237,185</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2005

| | Business-Type Activities: Enterprise Funds | | | | Internal Service Funds |
|--|---|------------------|------------------|------------------------------|------------------------------|
| | Solid Waste Disposal | Sewer Utility | Water Utility | Total Enterprise Funds | |
| Cash and cash equivalents | \$ 194,872 | \$ 296,903 | \$ 482,665 | \$ 974,440 | \$ 237,185 |
| Total cash and cash equivalents | \$ 194,872 | \$ 296,903 | \$ 482,665 | \$ 974,440 | \$ 237,185 |
| Reconciliation of operating [loss] income to net cash provided by [used in] operating activities | | | | | |
| Operating income [loss] | \$ 92,246 | \$ 452,643 | \$ 1,073,760 | \$ 1,618,649 | \$ 36,648 |
| Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities | | | | | |
| Depreciation | 232,486 | 1,278,940 | 817,504 | 2,328,930 | - |
| Change in assets and liabilities | | | | | |
| [Increase] decrease in receivables | 28,121 | 79,239 | 121,868 | 229,228 | - |
| [Increase] decrease in inventory | - | - | [41,898] | [41,898] | - |
| Increase [decrease] in accounts payable | [708] | 8,379 | 40,758 | 48,429 | 6,931 |
| Increase [decrease] in accrued liabilities | 7,847 | 12,906 | 27,528 | 48,281 | 62,965 |
| Increase [decrease] in accrued compensation | 1,000 | 2,143 | [3,093] | 50 | - |
| Net cash provided by [used in] operating activities | \$ 360,992 | \$ 1,834,250 | \$ 2,036,427 | \$ 4,231,669 | \$ 106,544 |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2005

| | Private Purpose <u>Trust</u> | Agency <u>Funds</u> |
|-----------------------------------|------------------------------------|------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 746,335 | \$ 9,916 |
| Accrued interest receivable | 378 | - |
| Notes receivable | <u>190,130</u> | <u>-</u> |
| Total Assets | <u>\$ 936,843</u> | <u>\$ 9,916</u> |
| Liabilities | | |
| Accounts payable | \$ - | \$ 9,916 |
| Total Liabilities | <u>-</u> | <u>9,916</u> |
| Net assets | | |
| Reserved for economic development | 933,674 | - |
| Unreserved | | |
| Undesignated | <u>3,169</u> | <u>-</u> |
| Total liabilities and net assets | <u>\$ 936,843</u> | <u>\$ 9,916</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Year Ended December 31, 2005

| | Private Purpose <u>Trust</u> |
|--------------------------|------------------------------------|
| Additions: | |
| Interest Income | \$ 27,709 |
| Contributions and grants | <u>350</u> |
| Total Additions | <u>28,059</u> |
| Deductions | <u>-</u> |
| Change in net assets | 28,059 |
| Net assets, January 1 | <u>908,784</u> |
| Net assets, December 31 | <u>\$ 936,843</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Emporia is a municipal corporation governed by five elected commissioners. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separated from the government. The discretely presented component unit has a December 31 year end.

Discretely Presented Component Unit

Emporia Public Library - The Emporia Public Library (Library) serves the citizens within the City's jurisdiction. The City appoints the entire governing body of the Library. Because the Library is not a separate taxing entity, the City levies tax for the Library's operations. The City appropriated \$656,740 to the Library in 2005. Complete financial statements may be obtained at the Emporia Public Library, 110 E. 6th Avenue, Emporia, Kansas.

Jointly Governed Organization

Regional Development Association of East Central Kansas, Inc. - The Regional Development Association of East Central Kansas, Inc., (RDA) is a not-for-profit corporation whose purpose is to benefit the public interest through the activity of business and economic development in the City and Lyon County, Kansas. The RDA's governing board consists of seven voting members, two of whom are appointed by the City. The City has entered into a contract under which the City appropriates funds to the RDA which are used for business and economic development. The City has no ongoing financial interest or responsibilities with respect to the RDA.

Emporia Recreation Commission - The Emporia Recreation Commission was established as a joint venture between the City of Emporia, Kansas and Unified School District Number 253, Emporia, Kansas. The governing Board consists of two members from the Emporia City Commission, two members from the Unified School District Number 253 Board of Directors, two members appointed by the Emporia City Commission, two members appointed by Unified School District Number 253 Board of Directors and one at large Board member appointed by the other eight appointed members of the Recreation Commission Board.

B. Government-wide and fund financial statements

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Government-wide and fund financial statements - Continued

that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the city.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB Opinions, and ARBs.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The internal service funds account for contributions made by the City to be used for paying claims for job related injuries as well as contributions made by the City, City employees and former City employees to be

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting and Basis of Presentation - Continued

used for payment of medical claims of covered employee health care participants and additional health insurance premiums.

The private purpose trust funds are used to account for resources legally held in trust. Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting. The following activities are accounted for in each fiduciary fund:

Tree Private Purpose Trust Fund - To account for monies provided by private donors to finance planting of trees.

Fremont Park Private Purpose Trust Fund - To account for the money donated to the City for the purpose of building a display shelter for the railroad engine and caboose at Fremont Park.

Las Casitas Park Private Purpose Trust Fund - To account for monies provided by private donors to finance improvements to the Las Casitas Park.

Economic Development Private Purpose Trust Fund - To provide a financial resource which enhances the City's ability to attract new economic development projects by lending money to businesses that is repaid with interest. The fund was created with money generated by a Chamber of Commerce fund drive and money repaid to the City for state and federal grants.

Fire Insurance Proceeds Agency Fund - To account for a portion of insurance proceeds from fire and casualty losses to structures within the City. Proceeds are returned to property owners upon substantial completion of repairs or demolition of structure.

The City reports the following major governmental funds:

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

The Industrial Development Sales Tax Fund is used to account for the investment earnings from and expenditures of funds generated by a portion of the City's retail sales tax. Receipts of retail sales taxes are deposited in the General Fund, and the portion related to this activity is then transferred to this fund.

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The City reports the following major proprietary funds:

Solid Waste Disposal Fund accounts for funds derived from customer service charges for solid waste disposal. All activities necessary to provide such services are accounted for in this fund.

Sewer Utility Fund is used to account for all sewer operations including administration, maintenance, financing and related debt service and billing collection. All operations are financed by means of customer user fees which are established by the governing body.

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting and Basis of Presentation - Continued

Water Utility Fund is used to account for the provision of water service to the residents of the City and some customers outside the City. All activities necessary to provide water service are accounted for in this fund, including administration, operations, maintenance, financing and related debt service and billing collection.

D. Assets, Liabilities and Equity

1. Pooled Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds managed by the City (except for investments of the employees' health insurance trust and workers' compensation fund). The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Cash balances from all funds are invested to the extent available in certificates of deposit and other authorized investments. Investments with maturity dates greater than three months are stated separately. Earnings from these investments, unless specifically designated, are allocated monthly to the investing fund based on the percentage of funds invested to total investments.

2. Receivables and Payables

Transactions between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables / payables" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown net of an allowance for uncollectibles, if applicable.

Property taxes receivable - The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The office of the County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2006 in the governmental fund financial statements. It is not practicable to apportion delinquent taxes held by the County Treasurer and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity - Continued

3. Inventories

Inventories are valued at cost using the first-in / first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Restricted Assets

Certain monies in the Economic Development private purpose trust fund are restricted for re-use in the City's revolving loan program.

Cash in the Debt Service fund held with the fiscal agent are restricted for payment of principal and interest on general obligation bonds.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government, are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------|--------------|
| Buildings | 20-75 |
| Land improvements | 20-75 |
| Building improvements | 20-75 |
| Machinery and equipment | 5-10 |
| Office equipment | 5-10 |
| Infrastructure | 20-75 |

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity - Continued

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the government-wide and proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The General Fund has been used to liquidate the governmental funds compensated absences in prior years.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Landfill Post-closure Care Liability

State and federal laws and regulations required the City to place a final cover on its landfill site, which was closed during 1994, and to perform certain maintenance and monitoring activities at the site for thirty years after closure. The amount reported as landfill post-closure care liability at December 31, 2005 represents what it would cost to perform all post-closure care in 2005. The actual costs may be higher due to inflation, changes in technology or changes in regulations. The City intends to fund these costs internally.

11. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity - Continued

12. Deferred Revenue

The City reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized on the statement of revenues, expenditures and changes in fund balances.

13. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted from statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

- a) Preparation of the budget for the succeeding calendar year on or before August 1st of each year.
- b) Publication in a local newspaper of the proposed budget and the notice of public hearing on the budget on or before August 5th.
- c) Public hearing on or before August 15th of each year, but at least ten days after publication of the notice of hearing.
- d) Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The 2005 budget was amended for the Drug Money Forfeiture, Sewer Utility and Water Utility Funds.

The statutes permit management to transfer budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

A. Budgetary Information - Continued

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All encumbered appropriations (legal budget expenditures authority) lapse at year end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds: Emergency Housing, Housing CDBG Grant, Housing Study RDA, Housing Cost Analysis Program, Emergency Shelter, Telephone Tax-911, Law Enforcement Block Grant, Home Owners Rehab, DARE Crime Prevention, Home Rehab, AHP Homebuyer, Wireless 911 Tax and 2003 Home Rehab. Spending in funds which are not subject to the legal annual operating budget requirements are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

A. Budgetary Information - Continued

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

| | Major Governmental Funds | | | Other | Total |
|--|--------------------------|----------------|-----------|--------------|--------------|
| | General | Industrial | Debt | Nonmajor | Governmental |
| | Fund | Development | Service | Governmental | Governmental |
| | Fund | Sales Tax Fund | Fund | Funds | Funds |
| GAAP FUND BALANCE | | | | | |
| December 31, 2005 | \$ 906,267 | \$ 1,022,729 | \$ 99,442 | \$ 2,256,931 | \$ 4,285,369 |
| Adjustments: | | | | | |
| Unreserved fund balances not subject to the Kansas Budget Law: | | | | | |
| Emergency Housing | - | - | - | [1,165] | [1,165] |
| Housing CDBG Grant | - | - | - | [21,272] | [21,272] |
| Housing Study RDA | - | - | - | [1,694] | [1,694] |
| Housing Cost Analysis Program | - | - | - | [60,659] | [60,659] |
| Emergency Shelter | - | - | - | [316] | [316] |
| Telephone Tax 911 | - | - | - | 29,218 | 29,218 |
| Law Enforcement Block Grant | - | - | - | 22,349 | 22,349 |
| Home Owners Rehab | - | - | - | [20,788] | [20,788] |
| DARE Crime Prevention | - | - | - | [1,687] | [1,687] |
| Home Rehab | - | - | - | [18,672] | [18,672] |
| Wireless 911 Tax | - | - | - | [29,769] | [29,769] |
| 2003 Home Rehab | - | - | - | 14,253 | 14,253 |
| Internal Improvements | - | - | - | [61,643] | [61,643] |
| Ball Diamonds | - | - | - | [22,583] | [22,583] |
| 5th Avenue Relief Main | - | - | - | 268,086 | 268,086 |
| Park Improvement Project | - | - | - | [104,817] | [104,817] |
| Americus Rd US50 to 18th | - | - | - | 89,985 | 89,985 |
| Family Aquatic Center | - | - | - | 9,927 | 9,927 |
| Civic Auditorium Improvement | - | - | - | [88,589] | [88,589] |
| Storm Water Improvement Project | - | - | - | 57,818 | 57,818 |
| Prairie Pedestrian Bridge | - | - | - | [1,343,389] | [1,343,389] |
| Traffic Signals | - | - | - | [33,951] | [33,951] |
| Paving Projects | - | - | - | [649,225] | [649,225] |
| Construction Projects | - | - | - | [58,180] | [58,180] |
| Candlewood Drive | - | - | - | [123,669] | [123,669] |
| Police Equipment | - | - | - | 103,987 | 103,987 |
| Special Assessment | - | - | - | [1,977] | [1,977] |
| Airport Improvement | - | - | - | 21,059 | 21,059 |
| Recreation Center Improvement | - | - | - | [12,599] | [12,599] |
| Total deductions | - | - | - | [2,039,962] | [2,039,962] |
| BUDGETARY FUND BALANCE | | | | | |
| December 31, 2005 | \$ 906,267 | \$ 1,022,729 | \$ 99,442 | \$ 216,969 | \$ 2,245,407 |

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

A. Budgetary Information - Continued

| | Major Business-Type Funds | | | Total Business-Type Funds |
|---|---------------------------------|--------------------------|--------------------------|---------------------------------|
| | Solid Waste Disposal Fund | Sewer Utility Fund | Water Utility Fund | |
| CHANGE IN NET ASSETS December 31, 2005 | \$ [169,603] | \$ [641,575] | \$ [503,168] | \$ [1,314,346] |
| Adjustments: | | | | |
| Capital assets | [69,213] | [109,878] | [14,837] | [193,928] |
| Contributed capital | 63,387 | 100,827 | - | 164,214 |
| Depreciation | <u>232,486</u> | <u>1,278,940</u> | <u>817,504</u> | <u>2,328,930</u> |
| Total deductions | <u>226,660</u> | <u>1,269,889</u> | <u>802,667</u> | <u>2,299,216</u> |
| BUDGETARY CHANGE IN NET ASSETS December 31, 2005 | <u>\$ 57,057</u> | <u>\$ 628,314</u> | <u>\$ 299,499</u> | <u>\$ 984,870</u> |

B. Compliance with Kansas Statutes

The following funds had deficit fund equity at December 31, 2005: Telephone Tax 911 - \$29,218, Law Enforcement Block Grant - \$22,349, 2003 Home Rehab - \$14,253, 5th Avenue Relief Main - \$268,086, Americus Rd US50 to 18th - \$89,985, Family Aquatic Center - \$9,927, Storm Water Improvement Project - \$57,818, Police Equipment - \$103,987, and Airport Improvement - \$21,059.

The deficits in the special revenue funds will be recovered from grant reimbursements for qualifying expenditures. The other deficits are from capital projects currently financed from other projects pending receipt of bond proceeds and/or grant moneys.

III. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

Restatement of Fund Balance

The adjustment to the compensated absences in the General Fund had the following effect on the beginning balance.

| | General Fund |
|--|-------------------|
| Fund Balance As Originally Reported December 31, 2004 | \$ 883,809 |
| Prior period adjustment | <u>50,663</u> |
| Fund Balance As Adjusted December 31, 2004 | <u>\$ 934,472</u> |

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash is considered to be active funds by management and is invested according to KSA 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate for active funds.

Various City investments are considered to be idle funds by management and are invested according to KSA 12-1675. The statute requires that at the City invest its idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes, the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the City's investments are of bond proceeds invested pursuant to KSA 10-131. This statute allows additional investment authority beyond that of KSA 12-1675. Investments of bond proceeds may follow KSA 12-1675 or include other investments such as the KMIP, direct obligations of the US government or any agency thereof, investment agreements with a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation, and various other investments as specified in KSA 10-131.

At December 31, 2005, the City has the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Rating</u> |
|----------------------------------|---------------------|---------------|
| Kansas Municipal Investment Pool | \$ 1,567,779 | S&P AAAF/SLT |
| U.S. Government Agencies | <u>2,707,976</u> | NA |
| Total | <u>\$ 4,275,755</u> | |

The City does not have any formal investment policies that would further limit concentration of credit risk, interest rate risk or custodial credit risks beyond state statutes.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402. The Kansas State Treasurer's Fiscal Agency Department held an unsecured and uncollateralized deposit of \$36,041.

Component Unit. At year-end, the carrying amount of the Library's cash, including certificates of deposit and cash on hand, was \$319,931 and the bank balance was \$358,331. The difference between the carrying amount and the bank balance was outstanding checks, deposits in transit and cash on hand. Of the bank balance, \$235,424 was covered by federal depository insurance and the remaining \$122,907 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the Library's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the Library, the pledging bank, and the independent third-party bank holding the pledged securities.

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

B. Receivables

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>Industrial Development Sales Tax</u> | <u>Debt Service</u> | <u>Solid Waste Disposal</u> | <u>Sewer Utility</u> | <u>Water Utility</u> | <u>Other Governmental</u> | <u>Total</u> |
|---------------------------------------|---------------------|---|-------------------------|-------------------------------------|--------------------------|--------------------------|-------------------------------|---------------------|
| Receivables: | | | | | | | | |
| Accounts | \$ 869,713 | \$ 177,080 | \$ - | \$ 278,784 | \$ 338,013 | \$ 389,964 | \$ 57,725 | \$ 2,111,279 |
| Taxes | <u>3,420,939</u> | <u>-</u> | <u>1,713,359</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>599,874</u> | <u>5,734,172</u> |
| Gross Receivables | 4,290,652 | 177,080 | 1,713,359 | 278,784 | 338,013 | 389,964 | 657,599 | 7,845,451 |
| Less: allowance for uncollectibles | <u>106,491</u> | <u>-</u> | <u>-</u> | <u>8,259</u> | <u>12,556</u> | <u>9,908</u> | <u>-</u> | <u>137,214</u> |
| Total | <u>\$ 4,184,161</u> | <u>\$ 177,080</u> | <u>\$ 1,713,359</u> | <u>\$ 270,525</u> | <u>\$ 325,457</u> | <u>\$ 380,056</u> | <u>\$ 657,599</u> | <u>\$ 7,708,237</u> |

C. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2005, is as follows:

| <u>Fund Types</u> | <u>Due From</u> | <u>Due To</u> |
|---------------------------------|-------------------|-------------------|
| Special Revenue: | | |
| Industrial | \$ 77,370 | \$ - |
| Telephone Tax 911 | - | 29,985 |
| Law Enforcement Block Grant | - | 22,349 |
| 2003 Home Rehab | - | 25,036 |
| Capital Projects: | | |
| 5th Avenue Relief Main | - | 268,086 |
| Americus Rd US50 to 18th | - | 89,985 |
| Family Aquatic Center | - | 9,927 |
| Storm Water Improvement Project | - | 57,818 |
| Prairie Pedestrian Bridge | 550,462 | - |
| Police Equipment | - | 103,987 |
| Airport Improvement | - | 20,659 |
| | <u>\$ 627,832</u> | <u>\$ 627,832</u> |

The City uses interfund receivables and payables as needed when pooled cash is negative within a fund until investments mature or grant proceeds are received. All payables are cleared in less than one year.

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

D. Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

| | Balance 12/31/2004 | Additions | Retirements | Balance 12/31/2005 |
|--|-----------------------|-----------------------|--------------------|-----------------------|
| City governmental activities: | | | | |
| Land | \$ 1,683,849 | \$ - | \$ - | \$ 1,683,849 |
| Land improvements | 198,893,980 | 466,160 | - | 199,360,140 |
| Buildings and improvements | 12,302,541 | 330,070 | - | 12,632,611 |
| Vehicles | 2,663,211 | 87,334 | [220,052] | 2,530,493 |
| Equipment, furniture and fixtures | 5,122,125 | 197,298 | [19,880] | 5,299,543 |
| Total capital assets | <u>220,665,706</u> | <u>1,080,862</u> | <u>[239,932]</u> | <u>221,506,636</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 93,470,569 | 6,761,845 | - | 100,232,414 |
| Buildings and improvements | 6,453,973 | 342,978 | - | 6,796,951 |
| Vehicles | 2,199,568 | 197,596 | [216,540] | 2,180,624 |
| Equipment, furniture and fixtures | 3,463,373 | 550,463 | [19,879] | 3,993,957 |
| Total accumulated depreciation | <u>105,587,483</u> | <u>7,852,882</u> | <u>[236,419]</u> | <u>113,203,946</u> |
| Governmental activities capital assets, net | <u>\$ 115,078,223</u> | <u>\$ [6,772,020]</u> | <u>\$ [3,513]</u> | <u>\$ 108,302,690</u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Construction in progress | \$ 14,469 | \$ - | \$ - | \$ 14,469 |
| Land | 210,525 | - | - | 210,525 |
| Capital assets, being depreciated | | | | |
| Land improvements | 35,398,864 | 106,613 | - | 35,505,477 |
| Buildings and improvements | 19,436,024 | - | - | 19,436,024 |
| Vehicles | 7,454,393 | 21,072 | [66,081] | 7,409,384 |
| Equipment, furniture and fixtures | 3,080,113 | 225,315 | [2,051] | 3,303,377 |
| Total capital assets | <u>65,594,388</u> | <u>353,000</u> | <u>[68,132]</u> | <u>65,879,256</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 12,593,293 | 897,061 | - | 13,490,354 |
| Buildings and improvements | 5,866,929 | 522,454 | - | 6,389,383 |
| Vehicles | 3,444,619 | 118,718 | [46,431] | 3,516,906 |
| Equipment, furniture and fixtures | 1,606,874 | 790,697 | [1,436] | 2,396,135 |
| Total accumulated depreciation | <u>23,511,715</u> | <u>2,328,930</u> | <u>[47,867]</u> | <u>25,792,778</u> |
| Business-type activities capital assets, net | <u>\$ 42,082,673</u> | <u>\$ [1,975,930]</u> | <u>\$ [20,265]</u> | <u>\$ 40,086,478</u> |

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

D. Capital Assets (Continued)

The City's depreciation expense was charged as follows:

| | |
|---------------------------|---------------------|
| Governmental Activities: | |
| General government | \$ 122,548 |
| Public safety | 290,965 |
| Highways and streets | 6,582,752 |
| Culture and recreation | 581,420 |
| Building maintenance | 100,916 |
| Airport operations | <u>174,281</u> |
| Total depreciation | <u>\$ 7,852,882</u> |
| Business-type Activities: | |
| Solid Waste Disposal | \$ 232,486 |
| Sewer Utility | 1,278,940 |
| Water Utility | <u>817,504</u> |
| Total depreciation | <u>\$ 2,328,930</u> |

E. Long-Term Debt

During the year ended December 31, 2005, the following changes, including the reallocation of the general obligation bonds outstanding between governmental and business-type activities, occurred in long term liabilities:

Governmental Activities

| | Balance | Additions/ | | Balance | Amounts |
|--------------------------|------------------------|---------------------|---------------------|--------------------------|---------------------|
| | <u>January 1, 2005</u> | <u>Adjustments</u> | <u>Reductions</u> | <u>December 31, 2005</u> | <u>Due Within</u> |
| | | | | | <u>One Year</u> |
| General obligation bonds | \$ 24,320,600 | \$ 3,022,000 | \$ 1,557,200 | \$ 25,785,400 | \$ 1,824,091 |
| Temporary notes | 420,000 | - | 420,000 | - | - |
| Loans | 192,083 | - | 23,985 | 168,098 | 24,468 |
| Capital leases | 30,178 | - | 30,178 | - | - |
| Compensated absences | <u>495,973</u> | <u>495,232</u> | <u>481,265</u> | <u>509,940</u> | <u>454,357</u> |
| | <u>\$ 25,458,834</u> | <u>\$ 3,517,232</u> | <u>\$ 2,512,628</u> | <u>\$ 26,463,438</u> | <u>\$ 2,302,916</u> |

Business-type Activities

| | | | | | |
|--------------------------|----------------------|-------------------|---------------------|----------------------|---------------------|
| General obligation bonds | \$ 5,989,400 | \$ 138,000 | \$ 572,800 | \$ 5,554,600 | \$ 625,909 |
| Notes payable | 15,063,089 | - | 719,352 | 14,343,737 | 725,090 |
| Compensated absences | <u>68,032</u> | <u>124,086</u> | <u>124,036</u> | <u>68,082</u> | <u>68,082</u> |
| | <u>\$ 21,120,521</u> | <u>\$ 262,086</u> | <u>\$ 1,416,188</u> | <u>\$ 19,966,419</u> | <u>\$ 1,419,081</u> |

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

E. Long-Term Debt - Continued

General obligation bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued with equal amounts of principal maturing each year. General obligation bonds and notes currently outstanding are as follows:

| | <u>Issue Date</u> | <u>Mature Date</u> | <u>Original Issue</u> | <u>Interest Rates</u> | <u>Bonds Outstanding</u> |
|---------------------------------|-----------------------|------------------------|---------------------------|---------------------------|------------------------------|
| <u>Governmental Activities</u> | | | | | |
| 1997-A internal improvements | 10/1/97 | 9/1/11 | \$ 2,050,000 | 4.25-6.00% | \$ 840,000 |
| 1998 refunding and improvements | 12/1/98 | 9/1/14 | 3,375,000 | 3.875-4.75% | 2,010,000 |
| 1999 internal improvements | 12/1/99 | 9/1/14 | 1,770,000 | 5.25-5.75% | 1,190,000 |
| 2000 internal improvements | 12/1/00 | 9/1/15 | 4,375,000 | 4.55-6.00% | 3,975,000 |
| 2001-A internal improvements | 10/8/01 | 9/1/16 | 6,190,000 | 3.75-5.60% | 5,840,000 |
| 2002 refunding | 8/27/02 | 9/1/17 | 3,019,980 | 3.00-4.30% | 2,095,000 |
| 2002-B refunding | 11/20/02 | 11/1/12 | 2,800,000 | 3.00-3.50% | 2,230,000 |
| 2003 refunding | 8/15/03 | 9/1/18 | 1,631,800 | 3.20-4.65% | 1,563,400 |
| 2004 internal improvements | 9/1/04 | 9/1/19 | 3,045,000 | 3.875-4.10% | 3,020,000 |
| 2005 internal improvements | 10/27/05 | 9/1/19 | 3,022,000 | 3.70-5.00% | 3,022,000 |
| <u>Business-type Activities</u> | | | | | |
| 1998 refunding and improvements | 12/1/98 | 9/1/14 | 6,195,000 | 3.875-4.75% | 4,335,000 |
| 2002 refunding | 8/27/02 | 9/1/17 | 1,180,020 | 3.00-4.30% | 700,000 |
| 2003 refunding | 8/15/03 | 9/1/18 | 338,200 | 3.20-4.65% | 121,600 |
| 2004 internal improvements | 9/1/04 | 9/1/19 | 265,000 | 3.875-4.10% | 260,000 |
| 2005 internal improvements | 10/27/05 | 9/1/19 | 138,000 | 3.70-5.00% | 138,000 |
| | | | | | <u>\$ 31,340,000</u> |

Annual debt service requirements to maturity for general obligation bonds are as follows:

| <u>Year</u> | <u>Business-type Activities</u> | | <u>Governmental Activities</u> | |
|-------------|---------------------------------|---------------------|--------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2006 | \$ 625,909 | \$ 229,927 | \$ 1,824,091 | \$ 1,067,426 |
| 2007 | 521,757 | 205,079 | 1,923,243 | 1,013,200 |
| 2008 | 542,643 | 184,193 | 1,987,357 | 932,484 |
| 2009 | 558,566 | 162,470 | 2,081,434 | 847,099 |
| 2010 | 589,525 | 141,025 | 2,055,475 | 758,026 |
| 2011-2015 | 2,591,200 | 313,698 | 10,248,800 | 2,474,814 |
| 2016-2019 | 125,000 | 12,880 | 5,665,000 | 501,075 |
| | <u>\$ 5,554,600</u> | <u>\$ 1,249,272</u> | <u>\$ 25,785,400</u> | <u>\$ 7,594,124</u> |

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

E. Long-Term Debt - Continued

Defeased bonds. In prior years, the City had defeased certain outstanding debt obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements. At December 31, 2005, the following outstanding bonds are considered defeased:

| | |
|---|---------------------|
| 1993-A general obligation bonds | \$ 100,000 |
| 1993-B general obligation bonds | 720,000 |
| 1978 sewer system refunding revenue bonds | 1,345,000 |
| 1989 water system revenue bonds | 730,000 |
| 1994-A water system revenue bonds | 4,235,000 |
| 1994-B general obligation bonds | 700,000 |
| 1996-A general obligation bonds | 1,650,000 |
| Total | <u>\$ 9,480,000</u> |

Special assessments. As provided by Kansas statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Debt Service fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Debt Service fund. The special assessments receivable are not recorded as revenue when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent liability of the City to the extent of property owner defaults, which have historically been immaterial.

Conduit debt. The City has entered into several conduit debt arrangements wherein the City issues industrial revenue bonds to finance a portion of the construction of facilities by private enterprises. In return, the private enterprises have executed mortgage notes or leases with the City. The City is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprises are equal to the mortgage payment schedule related to the original debt. At December 31, 2005, total outstanding conduit debt was \$14,617,080.

Notes Payable. Payments began on February 1, 2000, on a 4.07% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund water system improvements. The annual debt service requirements for this loan, which matures August 1, 2020, are as follows:

| <u>Year Ending</u> <u>December 31,</u> | <u>Water Utility</u> <u>Fund</u> |
|---|-------------------------------------|
| 2006 | \$ 336,421 |
| 2007 | 336,421 |
| 2008 | 336,421 |
| 2009 | 336,421 |
| 2010 | 336,421 |
| 2011-2015 | 1,682,105 |
| 2016-2020 | <u>1,682,105</u> |
| Total Principal and interest | 5,046,316 |
| Less: Interest | <u>1,297,062</u> |
| Total | <u>\$ 3,749,254</u> |

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

E. Long-Term Debt - Continued

Payments began on September 1, 2001, on a 3.19% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund wastewater treatment plant expansion. The current amount of debt service for this loan is \$3,815,292. Payments will begin on March 1, 2005, on a 3.10% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund the second phase of the wastewater treatment plant expansion. The current amount of debt service for this loan is \$6,779,191. However annual projected debt service requirements, once all draws have been taken, for these loans, which mature March 1, 2021 and September 1, 2023, respectively, are as follows:

| Year Ending December 31, | Wastewater Treatment Plant Expansion Phase I | Wastewater Treatment Plant Expansion Phase II | Total Sewer Utility Fund |
|---------------------------------|---|--|--------------------------------|
| 2006 | \$ 369,684 | \$ 537,292 | \$ 906,976 |
| 2007 | 369,684 | 537,292 | 906,976 |
| 2008 | 369,684 | 537,292 | 906,976 |
| 2009 | 369,684 | 537,292 | 906,976 |
| 2010 | 369,684 | 537,292 | 906,976 |
| 2011-2015 | 1,848,420 | 2,686,460 | 4,534,880 |
| 2016-2020 | 1,848,420 | 2,686,460 | 4,534,880 |
| 2021-2023 | <u>369,688</u> | <u>1,611,877</u> | <u>1,981,565</u> |
| Total Principal and interest | 5,914,950 | 9,671,257 | 15,586,207 |
| Less: Interest | <u>1,421,844</u> | <u>2,301,824</u> | <u>3,723,668</u> |
| Total | <u>\$ 4,493,106</u> | <u>\$ 7,369,433</u> | <u>\$ 11,862,539</u> |

The following is a reconciliation of the Sewer Utility Fund notes payable and the projected debt service requirements.

| | |
|---|----------------------|
| Projected Debt Service Principal | |
| Wastewater Treatment Plant Phase I | \$ 4,493,106 |
| Wastewater Treatment Plant Phase II | <u>7,369,433</u> |
| Total Projected Debt Service Principal | 11,862,539 |
| Undrawn Note Proceeds | <u>[1,268,056]</u> |
| Statement of Net Assets - Proprietary Funds - Sewer Utility | <u>\$ 10,594,483</u> |
| Current portion | \$ 539,393 |
| Long term portion | <u>10,055,090</u> |
| | <u>\$ 10,594,483</u> |

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

E. Long-Term Debt - Continued

Loans Payable. Payments began on November 1, 2002, on a 2% interest rate loan agreement through the Camoplast Rockland economic development grant agreement. The annual debt service requirements on this loan, which matures May 1, 2012, are as follows:

| Year Ending December 31, | Governmental Activities |
|---------------------------------|----------------------------|
| 2006 | \$ 27,708 |
| 2007 | 27,708 |
| 2008 | 27,708 |
| 2009 | 27,708 |
| 2010 | 27,708 |
| 2011-2012 | <u>41,558</u> |
| Total Principal and interest | 180,098 |
| Less: Interest | <u>12,000</u> |
| Total | <u>\$ 168,098</u> |

F. Reconciliation of Transfers

A reconciliation of interfund transfers follows:

| | <u>To</u> | <u>From</u> |
|----------------------------------|---------------------|---------------------|
| Major Funds: | | |
| General | \$ 2,699,996 | \$ 1,107,093 |
| Industrial Development Sales Tax | 599,846 | - |
| Debt Service | 305,063 | - |
| Solid Waste Disposal | - | 497,796 |
| Sewer Utility | - | 862,800 |
| Water Utility | - | 1,205,900 |
| Other Governmental Funds | <u>236,341</u> | <u>167,657</u> |
| | <u>\$ 3,841,246</u> | <u>\$ 3,841,246</u> |

The City uses interfund transfers to share administrative costs between funds.

V. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan description - The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by Kansas statutes (KSA 74-4901 et seq). KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law established and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to 611 South Kansas, Suite 100; Topeka, Kansas 66603 or by calling 1-888-275-5737.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

V. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Funding policy - KSA 74-4919 established the KPERS member-employee contribution rate at 4% of covered salary. KSA 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provision of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The employer rate was 4.01% from January 1 to June 30, 2005 and 4.21% from July 1 to December 31, 2005. The City employer contributions to KPERS for the years ending December 31, 2005, 2004, and 2003 were \$216,007, \$180,541, and \$162,150, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2005 is 14.69%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which are determined separately for each participating employer. The City's contributions to KP&F for the years ended December 31, 2005, 2004, and 2003 were \$647,080, \$540,307, and \$432,929, respectively, equal to the required contributions for each year.

B. Deferred Compensation Plan

The City offers its employees a deferred compensation plan ("Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the Plan are transferred to a third-party custodial trust.

C. Flexible Benefit Plan (I.R.C. Section 125)

The City Commission has adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All City employees working more than 20 hours per week are eligible to participate in the Plan beginning after two full months of employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Benefits offered through the Plan include insurance benefits.

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settlements of claims have not exceeded available coverage for the years ended December 31, 2005, 2004, or 2003.

Workers' Compensation. The City established a limited risk management program for workers' compensation. The program covers all City employees. Premiums are paid into the workers' compensation reserve fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program.

CITY OF EMPORIA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

V. OTHER INFORMATION - Continued

D. Risk Management - Continued

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims over a certain amount. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is reported in the Workers' Compensation Fund because it is expected to be liquidated with expendable available financial resources. Changes in the balances of claims liabilities during the past year are as follows:

| | <u>2005</u> | <u>2004</u> |
|-----------------------------------|-------------------|-------------------|
| Unpaid claims, January 1 | \$ 367,885 | \$ 362,085 |
| Incurred claims (including IBNRs) | 263,418 | 185,869 |
| Claim payments | <u>[257,900]</u> | <u>[180,069]</u> |
| Unpaid claims, December 31 | <u>\$ 373,403</u> | <u>\$ 367,885</u> |

Employee Health Care. Similarly, the City has established a program to pay medical claims of covered current and former City employees. Liabilities are reported when it is probable that claims have been incurred and the amount of the liability can be reasonably estimated. Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available financial resources.

| | <u>2005</u> | <u>2004</u> |
|-----------------------------------|--------------------|--------------------|
| Unpaid claims, January 1 | \$ 74,383 | \$ 12,945 |
| Incurred claims (including IBNRs) | 1,178,308 | 1,117,628 |
| Claim payments | <u>[1,120,861]</u> | <u>[1,056,190]</u> |
| Unpaid claims, December 31 | <u>\$ 131,830</u> | <u>\$ 74,383</u> |

E. Contingent Liabilities

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the City at December 31, 2005.

The City is a party in various pending claims. Although the outcome of these pending claims is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENTS - NONMAJOR FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

BUDGETED FUNDS:

Library Fund - To account for the collection of tax levy money, which is appropriated to the Emporia Public Library for its operations.

Library Employee Benefits Fund - To account for the collection of tax levy money, which is appropriated to the Emporia Public Library specifically for employee benefits.

Convention and Tourism Promotion Fund - To account for the promotion of convention and tourism. Financing is provided by a 4% tax on gross rental receipts collected from hotels and motels within the City limits.

Industrial Fund - To account for the promotion of industrial development. The majority of this fund is used to assist in the acquisition of land for the industrial parks. Financing is provided by a property tax levy not to exceed 1 mill. This is the maximum amount that can be levied per Kansas statutes.

Special Alcohol Program Fund - To account for costs for the purchase, establishment, maintenance or expansion of services or programs related to substance abuse prevention and education, or treatment of persons who are substance abusers or are in danger of becoming substance abusers. Financing is provided by tax on the sale of alcoholic liquor by private clubs. State law requires 1/3 of this liquor tax to be used for a special alcohol program.

Special Park and Recreation Fund - To account for the costs of enhancing the areas of recreation or parks. Financing is provided by tax on the sale of alcoholic liquor by private clubs. State law requires 1/3 of this liquor tax to be used for a special park and recreation fund.

Special Street Fund - To account for a portion of costs of maintaining the street system. Financing is provided by a proportionate share of the Special City and County Highway Fund distributed by the State Treasurer.

Drug Money Forfeiture Fund - To account for the receipt and expenditure of funds seized by the police in connection with the arrest and conviction of individuals for illegal drug activities.

NON - BUDGETED FUNDS:

Emergency Housing Fund - To account for rehabilitation housing expenditures for low to moderate income level home owners when other financial sources cannot be utilized.

Housing CDBG Grant Fund - To account for the costs of rehabilitating eligible rental properties. Financing was provided by the US Department of Housing and Urban Development through a community development block grant.

Housing Study RDA Fund - To account for a county-wide study to identify the current and future needs and solutions to housing problems within the county.

Housing Cost Analysis Program Fund - To account for the collection and analysis of the costs associated with the construction of residential homes. The program also provides additional funds for qualified persons to purchase homes.

Emergency Shelter Fund - To account for grant funds appropriated to a local women's shelter.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENTS - NONMAJOR FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Telephone Tax -911 Fund - To account for the cost of implementing a "911" emergency response telephone system.

Law Enforcement Block Grant Fund - To account for grant funds from the US Department of Justice to be used to purchase certain equipment for the police department.

Home Owners Rehab Fund - To account for funds used in the owner occupied rehabilitation grant program.

DARE Crime Prevention Fund - To account for funds expended in connection with the DARE program.

Home Rehab Fund - To account for funds used in the owner occupied rehabilitation grant program.

AHP Homebuyer Helper - To account for funds used in the AHP program.

Wireless 911 Tax - To account for the cost of implementing a "911" emergency response for the wireless telephone system.

2003 Home Rehab - To account for funds used in the owner occupied rehabilitation grant program.

NONMAJOR CAPITAL PROJECT FUND

Capital project funds are used to account for acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Internal Improvements - To account for various city infrastructure improvement projects. Financing is provided through temporary notes and special assessments.

Ball Diamonds - To account for the costs to improve existing ball diamond facilities.

5th Avenue Relief Main - To account for the improvement of the sanitary sewer from 5th Avenue to the Cottonwood River. Financing is to be provided through CDBG money.

Park Improvement Project - To account for the costs of improving existing parks.

Americus Rd US50 to 18th - To account for the improvement of an existing road. To be financed with grant money and the issuance of general obligation bonds.

Family Aquatic Center - To account for costs of a new swimming pool complex.

Civic Auditorium Improvement - To account for the improvements to the Civic Auditorium, which will be funded through the issuance of general obligation bonds.

Animal Shelter - To account for the costs that have been incurred to construct a new animal shelter.

Library Bond Project - To account for improvements to the Emporia Public Library funded through the issuance of general obligation bonds.

CITY OF EMPORIA, KANSAS
COMBINING STATEMENTS - NONMAJOR FUNDS
NONMAJOR CAPITAL PROJECT FUND

Storm Water Improvement Project - To account for improvements to the stormwater system.

Prairie Pedestrian Bridge - To account for the cost of the construction of a pedestrian bridge over I35. A KDOT grant will pay for 50% of the cost and general obligation bonds will be issued for the remainder.

Traffic Signals - To account for the cost of new traffic control devices.

Paving Projects - To account for the costs of new paving projects.

Construction Projects - To account for the costs of construction of new city facilities.

Candlewood Drive - To account for the costs of development within a new subdivision.

Police Equipment - To account for the costs of purchasing police equipment.

Special Assessment - To account for the costs of new subdivisions that will be charged special assessments.

Airport Improvement - To account for the improvements at the airport.

Recreation Center Improvement - To account for the improvements at the Recreation Center.

CITY OF EMPORIA, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2005

| | Total Nonmajor Special Revenue <u>Funds</u> | Total Nonmajor Capital Project <u>Funds</u> | Total Nonmajor Governmental <u>Funds</u> |
|--------------------------------------|--|--|---|
| ASSETS | | | |
| Cash and investments | \$ 307,345 | \$ 2,040,825 | \$ 2,348,170 |
| Receivables | | | |
| Accounts | 57,725 | - | 57,725 |
| Taxes | 599,874 | - | 599,874 |
| Due from other funds | 77,370 | 550,462 | 627,832 |
| Total assets | <u>\$ 1,042,314</u> | <u>\$ 2,591,287</u> | <u>\$ 3,633,601</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 30,122 | \$ 91,065 | \$ 121,187 |
| Accrued liabilities | 27,881 | - | 27,881 |
| Due to other funds | 77,370 | 550,462 | 627,832 |
| Deferred revenue | 599,770 | - | 599,770 |
| Total liabilities | <u>735,143</u> | <u>641,527</u> | <u>1,376,670</u> |
| Fund balance: | | | |
| Unreserved | | | |
| Designated | | | |
| For industrial development | 113,860 | - | 113,860 |
| Undesignated [deficit] | 193,311 | 1,949,760 | 2,143,071 |
| Total fund balance [deficit] | <u>307,171</u> | <u>1,949,760</u> | <u>2,256,931</u> |
| Total liabilities and fund balances | <u>\$ 1,042,314</u> | <u>\$ 2,591,287</u> | <u>\$ 3,633,601</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2005

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Project Funds | Total Nonmajor Governmental Funds |
|--|---|---|--|
| Revenues | | | |
| Taxes | \$ 648,864 | \$ - | \$ 648,864 |
| Intergovernmental | 1,873,136 | 215,881 | 2,089,017 |
| Use of money and property | 10,265 | 33,764 | 44,029 |
| Donations and contributions | 6,131 | - | 6,131 |
| Miscellaneous | 70,056 | 50,041 | 120,097 |
| Total Revenues | <u>2,608,452</u> | <u>299,686</u> | <u>2,908,138</u> |
| Expenditures | | | |
| Current | | | |
| General government | 398,937 | - | 398,937 |
| Law enforcement | 107,683 | - | 107,683 |
| Highways and streets | 767,699 | - | 767,699 |
| Culture and recreation | 656,740 | - | 656,740 |
| Health and environment | 65,539 | - | 65,539 |
| Planning and development | 365,191 | - | 365,191 |
| Capital outlay | - | 1,583,078 | 1,583,078 |
| Debt service | | | |
| Principal | - | 420,000 | 420,000 |
| Interest and other charges | - | 30,956 | 30,956 |
| Total Expenditures | <u>2,361,789</u> | <u>2,034,034</u> | <u>4,395,823</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>246,663</u> | <u>[1,734,348]</u> | <u>[1,487,685]</u> |
| Other Financing Sources [Uses] | | | |
| Transfers in | 1,036 | 235,305 | 236,341 |
| Transfers out | [134,536] | [33,121] | [167,657] |
| Sale of bonds | - | 3,022,000 | 3,022,000 |
| Total Other Financing Sources [Uses] | <u>[133,500]</u> | <u>3,224,184</u> | <u>3,090,684</u> |
| Excess [deficiency] of revenues and other financing sources over [under] expenditures and other financing [uses] | 113,163 | 1,489,836 | 1,602,999 |
| Fund balance, beginning of year | <u>194,008</u> | <u>459,924</u> | <u>653,932</u> |
| Fund balance, end of year | <u>\$ 307,171</u> | <u>\$ 1,949,760</u> | <u>\$ 2,256,931</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2005

| | <u>Library</u> | <u>Library Employee Benefits</u> | <u>Convention and Tourism Promotion</u> | <u>Industrial</u> |
|--------------------------------------|-------------------|--|---|-------------------|
| ASSETS | | | | |
| Cash and investments | \$ 3,377 | \$ 1,630 | \$ 30,806 | \$ 36,490 |
| Receivables | | | | |
| Accounts | - | - | - | - |
| Taxes | 556,047 | 42,797 | - | 1,030 |
| Due from other funds | - | - | - | 77,370 |
| Total assets | <u>\$ 559,424</u> | <u>\$ 44,427</u> | <u>\$ 30,806</u> | <u>\$ 114,890</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 3,674 | \$ - |
| Accrued liabilities | - | - | - | - |
| Due to other funds | - | - | - | - |
| Deferred revenue | <u>555,943</u> | <u>42,797</u> | <u>-</u> | <u>1,030</u> |
| Total liabilities | <u>555,943</u> | <u>42,797</u> | <u>3,674</u> | <u>1,030</u> |
| Fund balance: | | | | |
| Unreserved | | | | |
| Designated | | | | |
| For industrial development | - | - | - | 113,860 |
| Undesignated [deficit] | <u>3,481</u> | <u>1,630</u> | <u>27,132</u> | <u>-</u> |
| Total fund balance [deficit] | <u>3,481</u> | <u>1,630</u> | <u>27,132</u> | <u>113,860</u> |
| Total liabilities and fund balances | <u>\$ 559,424</u> | <u>\$ 44,427</u> | <u>\$ 30,806</u> | <u>\$ 114,890</u> |

| <u>Special Alcohol Program</u> | <u>Special Park and Recreation</u> | <u>Special Street</u> | <u>Drug Money Forfeiture</u> | <u>Emergency Housing</u> | <u>Housing CDBG Grant</u> | <u>Housing Study RDA</u> |
|--|--|---------------------------|--------------------------------------|------------------------------|-------------------------------|------------------------------|
| \$ 30,015 | \$ 18,761 | \$ 46,093 | \$ 15,516 | \$ 1,165 | \$ 13,602 | \$ 1,694 |
| - | 400 | 2,438 | - | - | 7,670 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ 30,015</u> | <u>\$ 19,161</u> | <u>\$ 48,531</u> | <u>\$ 15,516</u> | <u>\$ 1,165</u> | <u>\$ 21,272</u> | <u>\$ 1,694</u> |
| | | | | | | |
| \$ - | \$ 3,238 | \$ 10,738 | \$ 500 | \$ - | \$ - | \$ - |
| - | - | 27,881 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>-</u> | <u>3,238</u> | <u>38,619</u> | <u>500</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | | | | |
| - | - | - | - | - | - | - |
| <u>30,015</u> | <u>15,923</u> | <u>9,912</u> | <u>15,016</u> | <u>1,165</u> | <u>21,272</u> | <u>1,694</u> |
| <u>30,015</u> | <u>15,923</u> | <u>9,912</u> | <u>15,016</u> | <u>1,165</u> | <u>21,272</u> | <u>1,694</u> |
| <u>\$ 30,015</u> | <u>\$ 19,161</u> | <u>\$ 48,531</u> | <u>\$ 15,516</u> | <u>\$ 1,165</u> | <u>\$ 21,272</u> | <u>\$ 1,694</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2005

| | Housing Cost Analysis <u>Program</u> | Emergency <u>Shelter</u> | Telephone <u>Tax-911</u> | Law Enforcement <u>Block Grant</u> | Home Owners <u>Rehab</u> |
|--------------------------------------|--|-----------------------------|-----------------------------|--|--------------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 60,659 | \$ 316 | \$ - | \$ - | \$ 3,693 |
| Receivables | | | | | |
| Accounts | - | - | 767 | - | 17,095 |
| Taxes | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Total assets | <u>\$ 60,659</u> | <u>\$ 316</u> | <u>\$ 767</u> | <u>\$ -</u> | <u>\$ 20,788</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued liabilities | - | - | - | - | - |
| Due to other funds | - | - | 29,985 | 22,349 | - |
| Deferred revenue | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>29,985</u> | <u>22,349</u> | <u>-</u> |
| Fund balance: | | | | | |
| Unreserved | | | | | |
| Designated | | | | | |
| For industrial development | - | - | - | - | - |
| Undesignated [deficit] | <u>60,659</u> | <u>316</u> | <u>[29,218]</u> | <u>[22,349]</u> | <u>20,788</u> |
| Total fund balance [deficit] | <u>60,659</u> | <u>316</u> | <u>[29,218]</u> | <u>[22,349]</u> | <u>20,788</u> |
| Total liabilities and fund balances | <u>\$ 60,659</u> | <u>\$ 316</u> | <u>\$ 767</u> | <u>\$ -</u> | <u>\$ 20,788</u> |

| <u>DARE Crime Prevention</u> | <u>Home Rehab</u> | <u>AHP Homebuyer Helper</u> | <u>Wireless 911 Tax</u> | <u>2003 Home Rehab</u> | <u>Totals</u> |
|--------------------------------------|-----------------------|-------------------------------------|---------------------------------|--------------------------------|---------------------|
| \$ 1,687 | \$ 12,072 | \$ - | \$ 29,769 | \$ - | \$ 307,345 |
| - | 6,600 | - | - | 22,755 | 57,725 |
| - | - | - | - | - | 599,874 |
| - | - | - | - | - | 77,370 |
| <u>\$ 1,687</u> | <u>\$ 18,672</u> | <u>\$ -</u> | <u>\$ 29,769</u> | <u>\$ 22,755</u> | <u>\$ 1,042,314</u> |

| | | | | | |
|------|------|------|------|-----------|-----------|
| \$ - | \$ - | \$ - | \$ - | \$ 11,972 | \$ 30,122 |
| - | - | - | - | - | 27,881 |
| - | - | - | - | 25,036 | 77,370 |
| - | - | - | - | - | 599,770 |
| - | - | - | - | 37,008 | 735,143 |

| | | | | | |
|-----------------|------------------|-------------|------------------|------------------|---------------------|
| - | - | - | - | - | 113,860 |
| 1,687 | 18,672 | - | 29,769 | [14,253] | 193,311 |
| 1,687 | 18,672 | - | 29,769 | [14,253] | 307,171 |
| <u>\$ 1,687</u> | <u>\$ 18,672</u> | <u>\$ -</u> | <u>\$ 29,769</u> | <u>\$ 22,755</u> | <u>\$ 1,042,314</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2005

| | <u>Library</u> | <u>Library Employee Benefits</u> | <u>Convention and Tourism Promotion</u> | <u>Industrial</u> |
|--|-----------------|--|---|-------------------|
| Revenues | | | | |
| Taxes | \$ 600,883 | \$ 46,776 | \$ - | \$ 1,205 |
| Intergovernmental | - | - | 312,777 | - |
| Use of money and property | - | - | 542 | 3,452 |
| Donations | - | - | - | - |
| Miscellaneous | 103 | - | 2,500 | - |
| Total Revenues | <u>600,986</u> | <u>46,776</u> | <u>315,819</u> | <u>4,657</u> |
| Expenditures | | | | |
| General government | - | - | 288,788 | - |
| Law enforcement | - | - | - | - |
| Highways and streets | - | - | - | - |
| Culture and recreation | 610,740 | 46,000 | - | - |
| Health and environment | - | - | - | - |
| Planning and development | - | - | - | 2,098 |
| Total Expenditures | <u>610,740</u> | <u>46,000</u> | <u>288,788</u> | <u>2,098</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>[9,754]</u> | <u>776</u> | <u>27,031</u> | <u>2,559</u> |
| Other Financing Sources [Uses] | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total Other Financing Sources [Uses] | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess [deficiency] of revenues and other financing sources over [under] expenditures and other financing [uses] | <u>[9,754]</u> | <u>776</u> | <u>27,031</u> | <u>2,559</u> |
| Fund balance, beginning of year | <u>13,235</u> | <u>854</u> | <u>101</u> | <u>111,301</u> |
| Fund balance, end of year | <u>\$ 3,481</u> | <u>\$ 1,630</u> | <u>\$ 27,132</u> | <u>\$ 113,860</u> |

| <u>Special Alcohol Program</u> | <u>Special Park and Recreation</u> | <u>Special Street</u> | <u>Drug Money Forfeiture</u> | <u>Emergency Housing</u> | <u>Housing CDBG Grant</u> | <u>Housing Study RDA</u> |
|--|--|---------------------------|--------------------------------------|------------------------------|-------------------------------|------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 74,945 | 74,945 | 865,045 | 37,685 | - | - | - |
| 499 | 802 | 3,276 | 340 | 675 | 42 | - |
| - | 4,124 | - | - | - | - | - |
| - | - | 46,051 | - | - | - | - |
| <u>75,444</u> | <u>79,871</u> | <u>914,372</u> | <u>38,025</u> | <u>675</u> | <u>42</u> | <u>-</u> |
| - | 71,893 | - | - | 1,357 | - | - |
| - | - | - | 25,494 | - | - | - |
| - | - | 767,699 | - | - | - | - |
| - | - | - | - | - | - | - |
| 65,539 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>65,539</u> | <u>71,893</u> | <u>767,699</u> | <u>25,494</u> | <u>1,357</u> | <u>-</u> | <u>-</u> |
| <u>9,905</u> | <u>7,978</u> | <u>146,673</u> | <u>12,531</u> | <u>[682]</u> | <u>42</u> | <u>-</u> |
| - | - | - | - | - | - | - |
| - | - | [133,500] | - | - | - | - |
| - | - | [133,500] | - | - | - | - |
| 9,905 | 7,978 | 13,173 | 12,531 | [682] | 42 | - |
| <u>20,110</u> | <u>7,945</u> | <u>[3,261]</u> | <u>2,485</u> | <u>1,847</u> | <u>21,230</u> | <u>1,694</u> |
| <u>\$ 30,015</u> | <u>\$ 15,923</u> | <u>\$ 9,912</u> | <u>\$ 15,016</u> | <u>\$ 1,165</u> | <u>\$ 21,272</u> | <u>\$ 1,694</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2005

| | Housing Cost Analysis Program | Emergency Shelter | Telephone Tax-911 | Law Enforcement Block Grant |
|--|-------------------------------------|----------------------|----------------------|-----------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 17,565 | 55,798 | 55,896 |
| Use of money and property | - | - | - | - |
| Donations | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | - | 17,565 | 55,798 | 55,896 |
| Expenditures | | | | |
| General government | - | 17,249 | 19,650 | - |
| Law enforcement | - | - | - | 60,431 |
| Highways and streets | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and environment | - | - | - | - |
| Planning and development | - | - | - | - |
| Total Expenditures | - | 17,249 | 19,650 | 60,431 |
| Excess [deficiency] of revenues over [under] expenditures | - | 316 | 36,148 | [4,535] |
| Other Financing Sources [Uses] | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total Other Financing Sources [Uses] | - | - | - | - |
| Excess [deficiency] of revenues and other financing sources over [under] expenditures and other financing [uses] | - | 316 | 36,148 | [4,535] |
| Fund balance, beginning of year | 60,659 | - | [65,366] | [17,814] |
| Fund balance, end of year | \$ 60,659 | \$ 316 | \$ [29,218] | \$ [22,349] |

| <u>Home Owners Rehab</u> | <u>DARE Crime Prevention</u> | <u>Home Rehab</u> | <u>AHP Homebuyer Helper</u> | <u>Wireless 911 Tax</u> | <u>2003 Home Rehab</u> | <u>Totals</u> |
|----------------------------------|--------------------------------------|-----------------------|-------------------------------------|---------------------------------|--------------------------------|-------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 648,864 |
| - | - | - | 20,981 | 44,705 | 312,794 | 1,873,136 |
| 149 | - | - | - | 488 | - | 10,265 |
| - | 2,007 | - | - | - | - | 6,131 |
| 5,008 | - | - | - | - | 16,394 | 70,056 |
| <u>5,157</u> | <u>2,007</u> | <u>-</u> | <u>20,981</u> | <u>45,193</u> | <u>329,188</u> | <u>2,608,452</u> |
| - | - | - | - | - | - | 398,937 |
| - | 3,192 | - | - | 18,566 | - | 107,683 |
| - | - | - | - | - | - | 767,699 |
| - | - | - | - | - | - | 656,740 |
| - | - | - | - | - | - | 65,539 |
| 8,903 | - | 14,082 | 13,421 | - | 326,687 | 365,191 |
| <u>8,903</u> | <u>3,192</u> | <u>14,082</u> | <u>13,421</u> | <u>18,566</u> | <u>326,687</u> | <u>2,361,789</u> |
| <u>[3,746]</u> | <u>[1,185]</u> | <u>[14,082]</u> | <u>7,560</u> | <u>26,627</u> | <u>2,501</u> | <u>246,663</u> |
| - | - | - | - | - | 1,036 | 1,036 |
| - | - | - | [1,036] | - | - | [134,536] |
| - | - | - | [1,036] | - | 1,036 | [133,500] |
| [3,746] | [1,185] | [14,082] | 6,524 | 26,627 | 3,537 | 113,163 |
| <u>24,534</u> | <u>2,872</u> | <u>32,754</u> | <u>[6,524]</u> | <u>3,142</u> | <u>[17,790]</u> | <u>194,008</u> |
| <u>\$ 20,788</u> | <u>\$ 1,687</u> | <u>\$ 18,672</u> | <u>\$ -</u> | <u>\$ 29,769</u> | <u>\$ [14,253]</u> | <u>\$ 307,171</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 December 31, 2005

| | Internal Improvements | Ball Diamonds | 5th Avenue Relief Main |
|-------------------------------------|--------------------------|------------------|---------------------------|
| ASSETS | | | |
| Cash and investments | \$ 70,951 | \$ 22,583 | \$ - |
| Due from other funds | - | - | - |
| Total assets | <u>\$ 70,951</u> | <u>\$ 22,583</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 9,308 | \$ - | \$ - |
| Due to other funds | - | - | 268,086 |
| Total liabilities | <u>9,308</u> | <u>-</u> | <u>268,086</u> |
| Fund balance: | | | |
| Unreserved | | | |
| Undesignated [deficit] | 61,643 | 22,583 | [268,086] |
| Total fund balances [deficit] | <u>61,643</u> | <u>22,583</u> | <u>[268,086]</u> |
| Total liabilities and fund balances | <u>\$ 70,951</u> | <u>\$ 22,583</u> | <u>\$ -</u> |

| Park Improvement Project | Americus Rd US50 to 18th | Family Aquatic Center | Civic Auditorium Improvement | Animal Shelter | Library Bond Project |
|--------------------------------|-----------------------------|-----------------------------|------------------------------------|-------------------|----------------------------|
| \$ 104,817 | \$ - | \$ - | \$ 91,965 | \$ - | \$ - |
| - | - | - | - | - | - |
| <u>\$ 104,817</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 91,965</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | | |
| \$ - | \$ - | \$ - | \$ 3,376 | \$ - | \$ - |
| - | 89,985 | 9,927 | - | - | - |
| - | <u>89,985</u> | <u>9,927</u> | <u>3,376</u> | - | - |
| | | | | | |
| 104,817 | [89,985] | [9,927] | 88,589 | - | - |
| <u>104,817</u> | <u>[89,985]</u> | <u>[9,927]</u> | <u>88,589</u> | - | - |
| <u>\$ 104,817</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 91,965</u> | <u>\$ -</u> | <u>\$ -</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 December 31, 2005

| | Storm Water Improvement Project | Prairie Pedestrian Bridge | Traffic Signals | Paving Projects |
|-------------------------------------|--|---------------------------------|--------------------|--------------------|
| ASSETS | | | | |
| Cash and investments | \$ - | \$ 792,927 | \$ 33,951 | \$ 727,206 |
| Due from other funds | - | 550,462 | - | - |
| Total assets | <u>\$ -</u> | <u>\$ 1,343,389</u> | <u>\$ 33,951</u> | <u>\$ 727,206</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 77,981 |
| Due to other funds | 57,818 | - | - | - |
| Total liabilities | <u>57,818</u> | <u>-</u> | <u>-</u> | <u>77,981</u> |
| Fund balance: | | | | |
| Unreserved | | | | |
| Undesignated [deficit] | [57,818] | 1,343,389 | 33,951 | 649,225 |
| Total fund balances [deficit] | <u>[57,818]</u> | <u>1,343,389</u> | <u>33,951</u> | <u>649,225</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ 1,343,389</u> | <u>\$ 33,951</u> | <u>\$ 727,206</u> |

| Construction Projects | Candlewood Drive | Police Equipment | Special Assessment | Airport Improvement | Recreation Center Improvement | Totals |
|--------------------------|---------------------|---------------------|-----------------------|------------------------|-------------------------------------|---------------------|
| \$ 58,180 | \$ 123,669 | \$ - | \$ 1,977 | \$ - | \$ 12,599 | \$ 2,040,825 |
| - | - | - | - | - | - | 550,462 |
| <u>\$ 58,180</u> | <u>\$ 123,669</u> | <u>\$ -</u> | <u>\$ 1,977</u> | <u>\$ -</u> | <u>\$ 12,599</u> | <u>\$ 2,591,287</u> |
| | | | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ 400 | \$ - | \$ 91,065 |
| - | - | 103,987 | - | 20,659 | - | 550,462 |
| - | - | 103,987 | - | 21,059 | - | 641,527 |
| | | | | | | |
| 58,180 | 123,669 | [103,987] | 1,977 | [21,059] | 12,599 | 1,949,760 |
| <u>58,180</u> | <u>123,669</u> | <u>[103,987]</u> | <u>1,977</u> | <u>[21,059]</u> | <u>12,599</u> | <u>1,949,760</u> |
| <u>\$ 58,180</u> | <u>\$ 123,669</u> | <u>\$ -</u> | <u>\$ 1,977</u> | <u>\$ -</u> | <u>\$ 12,599</u> | <u>\$ 2,591,287</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2005

| | Internal Improvements | Ball Diamonds | 5th Avenue Relief Main |
|--|--------------------------|------------------|---------------------------|
| Revenues | | | |
| Intergovernmental | \$ 127,300 | \$ - | \$ - |
| Use of money and property | - | 697 | - |
| Miscellaneous | - | - | - |
| Total Revenues | <u>127,300</u> | <u>697</u> | <u>-</u> |
| Expenditures | | | |
| Capital outlay | | | |
| Contract costs | 245,492 | 1,820 | - |
| Debt service | | | |
| Principal | - | - | - |
| Interest and other charges | <u>2,197</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>247,689</u> | <u>1,820</u> | <u>-</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>[120,389]</u> | <u>[1,123]</u> | <u>-</u> |
| Other Financing Sources [Uses] | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Sale of bonds | <u>167,000</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources [Uses] | <u>167,000</u> | <u>-</u> | <u>-</u> |
| Excess [deficiency] of revenues and other financing sources over [under] expenditures and other financing [uses] | 46,611 | [1,123] | - |
| Fund balance, beginning of year | <u>15,032</u> | <u>23,706</u> | <u>[268,086]</u> |
| Fund balance, end of year | <u>\$ 61,643</u> | <u>\$ 22,583</u> | <u>\$ [268,086]</u> |

| Park Improvement Project | Americus Rd US50 to 18th | Family Aquatic Center | Civic Auditorium Improvement | Animal Shelter | Library Bond Project |
|--------------------------------|-----------------------------|-----------------------------|------------------------------------|-------------------|----------------------------|
| \$ 14,831 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2,833 | - | - | 3,731 | 47 | 318 |
| - | 50,041 | - | - | - | - |
| <u>17,664</u> | <u>50,041</u> | <u>-</u> | <u>3,731</u> | <u>47</u> | <u>318</u> |
| 182,327 | 3,377 | 1,716 | 162,797 | 1,537 | 10,862 |
| - | - | - | - | - | - |
| 720 | - | - | 720 | - | - |
| <u>183,047</u> | <u>3,377</u> | <u>1,716</u> | <u>163,517</u> | <u>1,537</u> | <u>10,862</u> |
| <u>[165,383]</u> | <u>46,664</u> | <u>[1,716]</u> | <u>[159,786]</u> | <u>[1,490]</u> | <u>[10,544]</u> |
| - | - | 202,184 | - | - | - |
| - | - | - | - | - | - |
| 100,000 | - | - | 100,000 | - | - |
| <u>100,000</u> | <u>-</u> | <u>202,184</u> | <u>100,000</u> | <u>-</u> | <u>-</u> |
| [65,383] | 46,664 | 200,468 | [59,786] | [1,490] | [10,544] |
| <u>170,200</u> | <u>[136,649]</u> | <u>[210,395]</u> | <u>148,375</u> | <u>1,490</u> | <u>10,544</u> |
| <u>\$ 104,817</u> | <u>\$ [89,985]</u> | <u>\$ [9,927]</u> | <u>\$ 88,589</u> | <u>\$ -</u> | <u>\$ -</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2005

| | Storm Water Improvement Project | Prairie Pedestrian Bridge | Traffic Signals | Paving Projects |
|--|--|---------------------------------|--------------------|--------------------|
| Revenues | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - |
| Use of money and property | - | 3,701 | 2,003 | 11,476 |
| Contributions | - | - | - | - |
| Total Revenues | - | 3,701 | 2,003 | 11,476 |
| Expenditures | | | | |
| Capital outlay | | | | |
| Contract costs | 1,748 | 372,331 | 103,136 | 269,025 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and other charges | - | 12,243 | 180 | 3,637 |
| Total Expenditures | 1,748 | 384,574 | 103,316 | 272,662 |
| Excess [deficiency] of revenues over [under] expenditures | [1,748] | [380,873] | [101,313] | [261,186] |
| Other Financing Sources [Uses] | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Sale of bonds | - | 1,728,000 | 25,000 | 505,000 |
| Total Other Financing Sources [Uses] | - | 1,728,000 | 25,000 | 505,000 |
| Excess [deficiency] of revenues and other financing sources over [under] expenditures and other financing [uses] | [1,748] | 1,347,127 | [76,313] | 243,814 |
| Fund balance, beginning of year | [56,070] | [3,738] | 110,264 | 405,411 |
| Fund balance, end of year | \$ [57,818] | \$ 1,343,389 | \$ 33,951 | \$ 649,225 |

| Construction Projects | Candlewood Drive | Police Equipment | Special Assessment | Airport Improvement | Recreation Center Improvement | Totals |
|--------------------------|---------------------|---------------------|-----------------------|------------------------|-------------------------------------|---------------------|
| \$ - | \$ - | \$ 35,000 | \$ - | \$ 38,750 | \$ - | \$ 215,881 |
| 1,776 | 3,739 | - | 3,443 | - | - | 33,764 |
| - | - | - | - | - | - | 50,041 |
| <u>1,776</u> | <u>3,739</u> | <u>35,000</u> | <u>3,443</u> | <u>38,750</u> | <u>-</u> | <u>299,686</u> |
| - | - | 37,288 | 133,425 | 23,865 | 32,332 | 1,583,078 |
| - | - | - | 420,000 | - | - | 420,000 |
| - | - | - | 10,971 | - | 288 | 30,956 |
| - | - | <u>37,288</u> | <u>564,396</u> | <u>23,865</u> | <u>32,620</u> | <u>2,034,034</u> |
| <u>1,776</u> | <u>3,739</u> | <u>[2,288]</u> | <u>[560,953]</u> | <u>14,885</u> | <u>[32,620]</u> | <u>[1,734,348]</u> |
| - | - | 33,121 | - | - | - | 235,305 |
| - | - | [33,121] | - | - | - | [33,121] |
| - | - | - | 357,000 | - | 40,000 | 3,022,000 |
| - | - | - | <u>357,000</u> | <u>-</u> | <u>40,000</u> | <u>3,224,184</u> |
| 1,776 | 3,739 | [2,288] | [203,953] | 14,885 | 7,380 | 1,489,836 |
| <u>56,404</u> | <u>119,930</u> | <u>[101,699]</u> | <u>205,930</u> | <u>[35,944]</u> | <u>5,219</u> | <u>459,924</u> |
| <u>\$ 58,180</u> | <u>\$ 123,669</u> | <u>\$ [103,987]</u> | <u>\$ 1,977</u> | <u>\$ [21,059]</u> | <u>\$ 12,599</u> | <u>\$ 1,949,760</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
LIBRARY FUND

For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|-----------------|--------------------------------------|--------------------|------------------|----------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes | \$ 600,883 | \$ - | \$ 600,883 | \$ 604,573 | \$ 604,573 | \$ [3,690] |
| Miscellaneous | <u>103</u> | <u>-</u> | <u>103</u> | <u>-</u> | <u>-</u> | <u>103</u> |
| Total revenues | <u>600,986</u> | <u>-</u> | <u>600,986</u> | <u>604,573</u> | <u>604,573</u> | <u>[3,587]</u> |
| EXPENDITURES: | | | | | | |
| Culture and recreation | <u>610,740</u> | <u>-</u> | <u>610,740</u> | <u>610,740</u> | <u>610,740</u> | <u>-</u> |
| Total expenditures | <u>610,740</u> | <u>-</u> | <u>610,740</u> | <u>610,740</u> | <u>610,740</u> | <u>-</u> |
| Excess [deficiency] of revenues over [under] expenditures | [9,754] | - | [9,754] | \$ [6,167] | \$ [6,167] | \$ [3,587] |
| FUND BALANCE - Beginning of year | <u>13,235</u> | <u>-</u> | <u>13,235</u> | | | |
| FUND BALANCE - End of year | <u>\$ 3,481</u> | <u>\$ -</u> | <u>\$ 3,481</u> | | | |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
LIBRARY EMPLOYEE BENEFIT FUND
For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|-----------------|--------------------------------------|--------------------|------------------|-----------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes | \$ 46,776 | \$ - | \$ 46,776 | \$ 45,665 | \$ 45,665 | \$ 1,111 |
| Total revenues | <u>46,776</u> | <u>-</u> | <u>46,776</u> | <u>45,665</u> | <u>45,665</u> | <u>1,111</u> |
| EXPENDITURES: | | | | | | |
| Culture and recreation | <u>46,000</u> | <u>-</u> | <u>46,000</u> | <u>46,000</u> | <u>46,000</u> | <u>-</u> |
| Total expenditures | <u>46,000</u> | <u>-</u> | <u>46,000</u> | <u>46,000</u> | <u>46,000</u> | <u>-</u> |
| Excess [deficiency] of revenues over [under] expenditures | 776 | - | 776 | <u>\$ [335]</u> | <u>\$ [335]</u> | <u>\$ 1,111</u> |
| FUND BALANCE - Beginning of year | <u>854</u> | <u>-</u> | <u>854</u> | | | |
| FUND BALANCE - End of year | <u>\$ 1,630</u> | <u>\$ -</u> | <u>\$ 1,630</u> | | | |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
CONVENTION AND TOURISM FUND
For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|------------------|--------------------------------------|--------------------|------------------|----------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 312,777 | \$ - | \$ 312,777 | \$ 300,000 | \$ 300,000 | \$ 12,777 |
| Use of money and property | 542 | - | 542 | 200 | 200 | 342 |
| Miscellaneous income | <u>2,500</u> | <u>-</u> | <u>2,500</u> | <u>-</u> | <u>-</u> | <u>2,500</u> |
| Total revenues | <u>315,819</u> | <u>-</u> | <u>315,819</u> | <u>300,200</u> | <u>300,200</u> | <u>15,619</u> |
| EXPENDITURES: | | | | | | |
| Current | | | | | | |
| General Government | | | | | | |
| Appropriation | <u>288,788</u> | <u>-</u> | <u>288,788</u> | <u>300,210</u> | <u>300,210</u> | <u>11,422</u> |
| Total expenditures | <u>288,788</u> | <u>-</u> | <u>288,788</u> | <u>300,210</u> | <u>300,210</u> | <u>11,422</u> |
| Excess [deficiency] of revenues over [under] expenditures | 27,031 | - | 27,031 | \$ [10] | \$ [10] | \$ 27,041 |
| FUND BALANCE - Beginning of year | <u>101</u> | <u>-</u> | <u>101</u> | | | |
| FUND BALANCE - End of year | <u>\$ 27,132</u> | <u>\$ -</u> | <u>\$ 27,132</u> | | | |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
INDUSTRIAL FUND

For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|-------------------|--------------------------------------|--------------------|---------------------|---------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 1,205 | \$ - | \$ 1,205 | \$ 1,170 | \$ 1,170 | \$ 35 |
| Use of money and property | <u>3,452</u> | <u>-</u> | <u>3,452</u> | <u>1,200</u> | <u>1,200</u> | <u>2,252</u> |
| Total revenues | <u>4,657</u> | <u>-</u> | <u>4,657</u> | <u>2,370</u> | <u>2,370</u> | <u>2,287</u> |
| EXPENDITURES: | | | | | | |
| Current | | | | | | |
| Planning and development | | | | | | |
| Contractual services | <u>2,098</u> | <u>-</u> | <u>2,098</u> | <u>113,844</u> | <u>113,844</u> | <u>111,746</u> |
| Total expenditures | <u>2,098</u> | <u>-</u> | <u>2,098</u> | <u>113,844</u> | <u>113,844</u> | <u>111,746</u> |
| Excess [deficiency] of revenues over [under] expenditures | 2,559 | - | 2,559 | <u>\$ [111,474]</u> | <u>\$ [111,474]</u> | <u>\$ 114,033</u> |
| FUND BALANCE - Beginning of year | <u>111,301</u> | <u>-</u> | <u>111,301</u> | | | |
| FUND BALANCE - End of year | <u>\$ 113,860</u> | <u>\$ -</u> | <u>\$ 113,860</u> | | | |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
SPECIAL ALCOHOL PROGRAM FUND
For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|-----------------|--------------------------------------|--------------------|--------------------|--------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Intergovernmental | \$74,945 | \$ - | \$ 74,945 | \$ 69,535 | \$ 69,535 | \$ 5,410 |
| Use of money and property | <u>499</u> | <u>-</u> | <u>499</u> | <u>100</u> | <u>100</u> | <u>399</u> |
| Total revenues | <u>75,444</u> | <u>-</u> | <u>75,444</u> | <u>69,635</u> | <u>69,635</u> | <u>5,809</u> |
| EXPENDITURES: | | | | | | |
| Current | | | | | | |
| Health and environment | | | | | | |
| Appropriation | <u>65,539</u> | <u>-</u> | <u>65,539</u> | <u>87,865</u> | <u>87,865</u> | <u>22,326</u> |
| Total expenditures | <u>65,539</u> | <u>-</u> | <u>65,539</u> | <u>87,865</u> | <u>87,865</u> | <u>22,326</u> |
| Excess [deficiency] of revenues over [under] expenditures | 9,905 | - | 9,905 | <u>\$ [18,230]</u> | <u>\$ [18,230]</u> | <u>\$ 28,135</u> |
| FUND BALANCE - Beginning of year | <u>20,110</u> | <u>-</u> | <u>20,110</u> | | | |
| FUND BALANCE - End of year | <u>\$30,015</u> | <u>\$ -</u> | <u>\$ 30,015</u> | | | |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
SPECIAL PARK AND RECREATION FUND
For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|------------------|--------------------------------------|--------------------|-------------------|-------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 74,945 | \$ - | \$ 74,945 | \$ 69,535 | \$ 69,535 | \$ 5,410 |
| Use of money and property | 802 | - | 802 | 300 | 300 | 502 |
| Donations | <u>4,124</u> | <u>-</u> | <u>4,124</u> | <u>-</u> | <u>-</u> | <u>4,124</u> |
| Total revenues | <u>79,871</u> | <u>-</u> | <u>79,871</u> | <u>69,835</u> | <u>69,835</u> | <u>10,036</u> |
| EXPENDITURES: | | | | | | |
| Current | | | | | | |
| General government | | | | | | |
| Contractual | 13,820 | - | 13,820 | - | - | [13,820] |
| Commodities | 32,575 | - | 32,575 | - | - | [32,575] |
| Capital outlay | <u>25,498</u> | <u>-</u> | <u>25,498</u> | <u>72,495</u> | <u>72,495</u> | <u>46,997</u> |
| Total expenditures | <u>71,893</u> | <u>-</u> | <u>71,893</u> | <u>72,495</u> | <u>72,495</u> | <u>602</u> |
| Excess [deficiency] of revenues over [under] expenditures | 7,978 | - | 7,978 | <u>\$ [2,660]</u> | <u>\$ [2,660]</u> | <u>\$ 10,638</u> |
| FUND BALANCE - Beginning of year | <u>7,945</u> | <u>-</u> | <u>7,945</u> | | | |
| FUND BALANCE - End of year | <u>\$ 15,923</u> | <u>\$ -</u> | <u>\$ 15,923</u> | | | |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
SPECIAL STREET FUND

For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|------------------|--------------------------------------|--------------------|------------------|------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 865,044 | \$ - | \$ 865,044 | \$ 917,350 | \$ 917,350 | \$ [52,306] |
| Use of money and property | 3,276 | - | 3,276 | 817 | 817 | 2,459 |
| Miscellaneous | <u>46,051</u> | <u>-</u> | <u>46,051</u> | <u>6,250</u> | <u>6,250</u> | <u>39,801</u> |
| Total revenues | <u>914,371</u> | <u>-</u> | <u>914,371</u> | <u>924,417</u> | <u>924,417</u> | <u>[10,046]</u> |
| EXPENDITURES: | | | | | | |
| Current | | | | | | |
| Highways and streets | | | | | | |
| Personal services | 417,349 | - | 417,349 | 460,102 | 460,102 | 42,753 |
| Contractual | 196,358 | - | 196,358 | 216,600 | 216,600 | 20,242 |
| Commodities | 101,016 | - | 101,016 | 104,400 | 104,400 | 3,384 |
| Other charges | 570 | - | 570 | [27,050] | [27,050] | [27,620] |
| Debt service | - | - | - | 22,500 | 22,500 | 22,500 |
| Capital outlay | <u>52,405</u> | <u>-</u> | <u>52,405</u> | <u>83,000</u> | <u>83,000</u> | <u>30,595</u> |
| Total expenditures | <u>767,698</u> | <u>-</u> | <u>767,698</u> | <u>859,552</u> | <u>859,552</u> | <u>91,854</u> |
| Excess [deficiency] of revenues over [under] expenditures | 146,673 | - | 146,673 | 64,865 | 64,865 | 81,808 |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers out | <u>[133,500]</u> | <u>-</u> | <u>[133,500]</u> | <u>[120,000]</u> | <u>[120,000]</u> | <u>[13,500]</u> |
| Excess of revenues over [under] expenditures and other financing [uses] | 13,173 | - | 13,173 | \$ [55,135] | \$ [55,135] | \$ 68,308 |
| FUND BALANCE - Beginning of year | <u>[3,261]</u> | <u>-</u> | <u>[3,261]</u> | | | |
| FUND BALANCE - End of year | <u>\$ 9,912</u> | <u>\$ -</u> | <u>\$ 9,912</u> | | | |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
DRUG MONEY FORFEITURE FUND
For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|-----------------|--------------------------------------|--------------------|-------------------|------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 37,685 | \$ - | \$ 37,685 | \$ 14,000 | \$ 37,685 | \$ - |
| Use of money and property | <u>340</u> | <u>-</u> | <u>340</u> | <u>254</u> | <u>307</u> | <u>33</u> |
| Total revenues | <u>38,025</u> | <u>-</u> | <u>38,025</u> | <u>14,254</u> | <u>37,992</u> | <u>33</u> |
| EXPENDITURES: | | | | | | |
| Current | | | | | | |
| Law enforcement | | | | | | |
| Commodities | <u>25,494</u> | <u>-</u> | <u>25,494</u> | <u>24,010</u> | <u>26,000</u> | <u>506</u> |
| Total expenditures | <u>25,494</u> | <u>-</u> | <u>25,494</u> | <u>24,010</u> | <u>26,000</u> | <u>506</u> |
| Excess [deficiency] of revenues over [under] expenditures | 12,531 | - | 12,531 | <u>\$ [9,756]</u> | <u>\$ 11,992</u> | <u>\$ 539</u> |
| FUND BALANCE - Beginning of year | <u>2,485</u> | <u>-</u> | <u>2,485</u> | | | |
| FUND BALANCE - End of year | <u>\$15,016</u> | <u>\$ -</u> | <u>\$ 15,016</u> | | | |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
DEBT SERVICE FUND
For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|---------------|--------------------------------------|--------------------|------------------|--------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes | \$ 1,922,042 | \$ - | \$ 1,922,042 | \$ 1,616,376 | \$ 1,616,376 | \$ 305,666 |
| Special assessments | 58,310 | - | 58,310 | 266,562 | 266,562 | [208,252] |
| Intergovernmental | - | - | - | 415,061 | 415,061 | [415,061] |
| Use of money and property | 24,426 | - | 24,426 | 20,000 | 20,000 | 4,426 |
| Total revenues | 2,004,778 | - | 2,004,778 | 2,317,999 | 2,317,999 | [313,221] |
| EXPENDITURES: | | | | | | |
| Debt Service | | | | | | |
| Principal | 1,557,200 | - | 1,557,200 | 1,640,950 | 1,640,950 | 83,750 |
| Interest | 1,038,814 | - | 1,038,814 | 1,009,946 | 1,009,946 | [28,868] |
| Commission and postage | - | - | - | 100 | 100 | 100 |
| Total expenditures | 2,596,014 | - | 2,596,014 | 2,650,996 | 2,650,996 | 54,982 |
| Excess [deficiency] of revenues over [under] expenditures | [591,236] | - | [591,236] | [332,997] | [332,997] | [258,239] |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers in | 305,063 | - | 305,063 | - | - | 305,063 |
| Total other financing sources [uses] | 305,063 | - | 305,063 | - | - | 305,063 |
| Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses] | [286,173] | - | [286,173] | \$ [332,997] | \$ [332,997] | \$ 46,824 |
| FUND BALANCE - Beginning of year | 385,615 | - | 385,615 | | | |
| FUND BALANCE - End of year | \$ 99,442 | \$ - | \$ 99,442 | | | |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - ACTUAL AND BUDGET
SOLID WASTE DISPOSAL FUND
For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|---------------------|--------------------------------------|---------------------|------------------|------------------|---|
| | | | | Original | Final | |
| Revenues and transfers | | | | | | |
| Charges for services | \$ 2,637,269 | \$ - | \$ 2,637,269 | \$ 2,736,000 | \$ 2,736,000 | \$ [98,731] |
| Use of money and property | 6,245 | - | 6,245 | 3,000 | 3,000 | 3,245 |
| Contributed capital | 63,387 | - | 63,387 | - | - | 63,387 |
| Reimbursements | - | - | - | 12,000 | 12,000 | [12,000] |
| Miscellaneous | 16,515 | - | 16,515 | 1,100 | 1,100 | 15,415 |
| Sale of salvage | <u>166,315</u> | <u>-</u> | <u>166,315</u> | <u>155,000</u> | <u>155,000</u> | <u>11,315</u> |
| Total revenues and transfers | <u>2,889,731</u> | <u>-</u> | <u>2,889,731</u> | <u>2,907,100</u> | <u>2,907,100</u> | <u>[17,369]</u> |
| Expenses and transfers | | | | | | |
| Personal services | 1,090,044 | - | 1,090,044 | 1,027,199 | 1,027,199 | [62,845] |
| Contractual services | 1,051,150 | - | 1,051,150 | 1,445,400 | 1,445,400 | 394,250 |
| Commodities | 166,357 | - | 166,357 | 147,650 | 147,650 | [18,707] |
| Capital outlay | - | 5,826 | 5,826 | 198,000 | 198,000 | 192,174 |
| Depreciation | 232,486 | [232,486] | - | - | - | - |
| Miscellaneous | 21,501 | - | 21,501 | 69,000 | 69,000 | 47,499 |
| Transfer out | <u>497,796</u> | <u>-</u> | <u>497,796</u> | <u>-</u> | <u>-</u> | <u>[497,796]</u> |
| Total operating expenses and transfers | <u>3,059,334</u> | <u>[226,660]</u> | <u>2,832,674</u> | <u>2,887,249</u> | <u>2,887,249</u> | <u>54,575</u> |
| Change in net assets | [169,603] | \$ <u>226,660</u> | 57,057 | \$ <u>19,851</u> | \$ <u>19,851</u> | \$ <u>37,206</u> |
| Net assets - Beginning of year | <u>2,201,176</u> | | <u>2,203,608</u> | | | |
| Net assets - End of year | <u>\$ 2,031,573</u> | | <u>\$ 2,260,665</u> | | | |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - ACTUAL AND BUDGET
SEWER UTILITY FUND
For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|----------------------|--------------------------------------|----------------------|--------------------|---------------------|---|
| | | | | Original | Final | |
| Revenues and transfers | | | | | | |
| Charges for services | \$ 3,176,925 | \$ - | \$ 3,176,925 | \$ 3,100,000 | \$ 3,260,000 | \$ [83,075] |
| Use of money and property | 15,200 | - | 15,200 | 2,000 | 6,000 | 9,200 |
| Contributed capital | 100,827 | - | 100,827 | - | - | 100,827 |
| Miscellaneous | 6,979 | - | 6,979 | 6,000 | 6,000 | 979 |
| Total revenues and transfers | <u>3,299,931</u> | <u>-</u> | <u>3,299,931</u> | <u>3,108,000</u> | <u>3,272,000</u> | <u>27,931</u> |
| Expenses and transfers | | | | | | |
| Personal services | 647,034 | - | 647,034 | 604,992 | 629,143 | [17,891] |
| Contractual services | 622,592 | - | 622,592 | 1,100,950 | 1,110,850 | 488,258 |
| Commodities | 113,805 | - | 113,805 | 100,900 | 96,300 | [17,505] |
| Capital outlay | 55,861 | 9,051 | 64,912 | 313,000 | 131,549 | 66,637 |
| Debt service | 348,869 | - | 348,869 | 380,000 | 364,500 | 15,631 |
| Depreciation | 1,278,940 | [1,278,940] | - | - | - | - |
| Miscellaneous | 11,605 | - | 11,605 | 707,100 | 1,224,600 | 1,212,995 |
| Transfer out | 862,800 | - | 862,800 | - | 150,000 | [712,800] |
| Total operating expenses and transfers | <u>3,941,506</u> | <u>[1,269,889]</u> | <u>2,671,617</u> | <u>3,206,942</u> | <u>3,706,942</u> | <u>1,035,325</u> |
| Change in net assets | [641,575] | \$ <u>1,269,889</u> | 628,314 | \$ <u>[98,942]</u> | \$ <u>[434,942]</u> | \$ <u>1,063,256</u> |
| Net assets - Beginning of year | <u>12,100,527</u> | | <u>12,660,475</u> | | | |
| Net assets - End of year | <u>\$ 11,458,952</u> | | <u>\$ 13,288,789</u> | | | |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - ACTUAL AND BUDGET
WATER UTILITY FUND
For the Year Ended December 31, 2005

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|---------------------|--------------------------------------|----------------------|-------------------|---------------------|---|
| | | | | Original | Final | |
| Revenues and transfers | | | | | | |
| Charges for services | \$ 4,162,141 | \$ - | \$ 4,162,141 | \$ 4,852,000 | \$ 4,375,000 | \$ [212,859] |
| Use of money and property | 29,344 | - | 29,344 | 10,000 | 15,000 | 14,344 |
| Miscellaneous | 3,229 | - | 3,229 | 10,000 | 16,451 | [13,222] |
| Total revenues and transfers | <u>4,194,714</u> | <u>-</u> | <u>4,194,714</u> | <u>4,872,000</u> | <u>4,406,451</u> | <u>[211,737]</u> |
| Expenses and transfers | | | | | | |
| Personal services | 680,846 | - | 680,846 | 709,836 | 739,382 | 58,536 |
| Contractual services | 1,044,042 | - | 1,044,042 | 1,799,700 | 1,905,804 | 861,762 |
| Commodities | 417,848 | - | 417,848 | 382,550 | 382,550 | [35,298] |
| Capital outlay | 111,735 | 14,837 | 126,572 | 171,000 | 172,100 | 45,528 |
| Debt service | 400,372 | - | 400,372 | 418,000 | 405,100 | 4,728 |
| Depreciation | 817,504 | [817,504] | - | - | - | - |
| Miscellaneous | 19,635 | - | 19,635 | 926,200 | 1,002,350 | 982,715 |
| Transfer out | 1,205,900 | - | 1,205,900 | - | - | [1,205,900] |
| Total operating expenses and transfers | <u>4,697,882</u> | <u>[802,667]</u> | <u>3,895,215</u> | <u>4,407,286</u> | <u>4,607,286</u> | <u>712,071</u> |
| Change in net assets | [503,168] | <u>\$ 802,667</u> | 299,499 | <u>\$ 464,714</u> | <u>\$ [200,835]</u> | <u>\$ 500,334</u> |
| Net assets - Beginning of year | <u>9,026,646</u> | | <u>10,567,817</u> | | | |
| Net assets - End of year | <u>\$ 8,523,478</u> | | <u>\$ 10,867,316</u> | | | |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other government units on a cost reimbursement basis.

Workers' Compensation Fund - To account for contributions made by the City to be used for paying claims for job-related injuries.

Employee Health Care Fund - To account for contributions made by the City, City employees and former City employees to be used for payment of medical claims of covered participants and additional health insurance premiums.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2005

| | Workers' <u>Compensation</u> | Employee Health <u>Care</u> | <u>Total</u> |
|----------------------------------|---------------------------------|-----------------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 68,825 | \$ 168,360 | \$ 237,185 |
| Investments | <u>1,070,959</u> | <u>647,557</u> | <u>1,718,516</u> |
| Total assets | <u>\$ 1,139,784</u> | <u>\$ 815,917</u> | <u>\$ 1,955,701</u> |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Accounts payable | \$ 14,188 | \$ - | \$ 14,188 |
| Unpaid claims | <u>373,403</u> | <u>131,830</u> | <u>505,233</u> |
| Total liabilities | 387,591 | 131,830 | 519,421 |
| Net Assets | | | |
| Unrestricted | <u>752,193</u> | <u>684,087</u> | <u>1,436,280</u> |
| Total liabilities and net assets | <u>\$ 1,139,784</u> | <u>\$ 815,917</u> | <u>\$ 1,955,701</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2005

| | <u>Workers'</u> <u>Compensation</u> | <u>Employee</u> <u>Health</u> <u>Care</u> | <u>Total</u> |
|---|--|---|---------------------|
| Operating revenues | | | |
| Charges for services | \$ 248,053 | \$ 1,164,334 | \$ 1,412,387 |
| Miscellaneous | <u>3,022</u> | <u>-</u> | <u>3,022</u> |
| Total operating revenues | <u>251,075</u> | <u>1,164,334</u> | <u>1,415,409</u> |
| Operating expenses | | | |
| Cost of services | <u>257,900</u> | <u>1,120,861</u> | <u>1,378,761</u> |
| Total operating expenses | <u>257,900</u> | <u>1,120,861</u> | <u>1,378,761</u> |
| Operating income [loss] | [6,825] | 43,473 | 36,648 |
| Nonoperating revenues [expenses] | | | |
| Interest income | <u>29,475</u> | <u>18,934</u> | <u>48,409</u> |
| Changes in net assets | 22,650 | 62,407 | 85,057 |
| Net assets, January 1 | <u>729,543</u> | <u>621,680</u> | <u>1,351,223</u> |
| Net assets, December 31 | <u>\$ 752,193</u> | <u>\$ 684,087</u> | <u>\$ 1,436,280</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2005

| | <u>Workers'</u> <u>Compensation</u> | <u>Employee</u> <u>Health</u> <u>Care</u> | <u>Total</u> |
|--|--|---|-------------------|
| Cash flows from operating activities | | | |
| Cash received from participants | \$ 248,053 | \$ 1,164,334 | \$ 1,412,387 |
| Cash paid to suppliers | [245,451] | [1,063,414] | [1,308,865] |
| Other operating receipts | <u>3,022</u> | <u>-</u> | <u>3,022</u> |
| Net cash provided by [used for] operating activities | <u>5,624</u> | <u>100,920</u> | <u>106,544</u> |
| Cash flows from investing activities | | | |
| Proceeds from sale of investments | 1,048,001 | 598,858 | 1,646,859 |
| Purchase of investments | [1,070,959] | [647,557] | [1,718,516] |
| Interest received | <u>29,475</u> | <u>18,934</u> | <u>48,409</u> |
| Net cash provided by [used for] investing activities | <u>6,517</u> | <u>[29,765]</u> | <u>[23,248]</u> |
| Net increase [decrease] in cash and cash equivalents | 12,141 | 71,155 | 83,296 |
| Cash and cash equivalents, January 1 | <u>56,684</u> | <u>97,205</u> | <u>153,889</u> |
| Cash and cash equivalents, December 31 | <u>\$ 68,825</u> | <u>\$ 168,360</u> | <u>\$ 237,185</u> |
| Reconciliation of operating income [loss] to net cash provided by [used for] operating activities | | | |
| Operating income [loss] | \$ [6,825] | \$ 43,473 | \$ 36,648 |
| Adjustments to reconcile operating income [loss] to net cash provided by [used for] operating activities | | | |
| Changes in assets and liabilities | | | |
| Increase [decrease] in claims payable | 5,518 | 57,447 | 62,965 |
| Increase [decrease] in accounts payable | <u>6,931</u> | <u>-</u> | <u>6,931</u> |
| Net cash provided by [used for] operating activities | <u>\$ 5,624</u> | <u>\$ 100,920</u> | <u>\$ 106,544</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
TRUST AND AGENCY FUNDS

Trust funds are used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and / or other funds.

Tree Private Purpose Trust Fund - To account for monies provided by private donors to finance planting of trees.

Fremont Park Private Purpose Trust Fund - To account for the money donated to the City for the purpose of building a display shelter for the railroad engine and caboose at Fremont Park.

Las Casitas Park Private Purpose Trust Fund - To account for monies provided by private donors to finance improvements to the Las Casitas Park.

Economic Development Private Purpose Trust Fund - To provide a financial resource which enhances the City's ability to attract new economic development projects by lending money to businesses that is repaid with interest. The fund was created with money generated by a Chamber of Commerce fund drive and money repaid to the City for state and federal grants.

Fire Insurance Proceeds Agency Fund - To account for a portion of insurance proceeds from fire and casualty losses to structures within the City. Proceeds are returned to property owners upon substantial completion of repairs or demolition of structure.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST
December 31, 2005

| | Private Purpose Trust | | | | |
|-------------------------------------|-----------------------|-------------------------|-----------------------------|---------------------------------|-------------------|
| | <u>Tree</u> | <u>Fremont Park</u> | <u>Las Casitas Park</u> | <u>Economic Development</u> | <u>Total</u> |
| Assets | | | | | |
| Cash and cash equivalents | \$ 2,155 | \$ 10 | \$ 1,004 | \$ 743,166 | \$ 746,335 |
| Accrued interest receivable | - | - | - | 378 | 378 |
| Notes receivable | - | - | - | 190,130 | 190,130 |
| Total Assets | <u>\$ 2,155</u> | <u>\$ 10</u> | <u>\$ 1,004</u> | <u>\$ 933,674</u> | <u>\$ 936,843</u> |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Liabilities | - | - | - | - | - |
| Fund balances | | | | | |
| Reserved for economic development | - | - | - | 933,674 | 933,674 |
| Unreserved | | | | | |
| Undesignated | <u>2,155</u> | <u>10</u> | <u>1,004</u> | - | <u>3,169</u> |
| Total liabilities and fund balances | <u>\$ 2,155</u> | <u>\$ 10</u> | <u>\$ 1,004</u> | <u>\$ 933,674</u> | <u>\$ 936,843</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - AGENCY FUND
December 31, 2005

| | |
|---------------------------|-----------------------------------|
| | Fire Insurance <u>Proceeds</u> |
| Assets | |
| Cash and cash equivalents | \$ <u>9,916</u> |
| Total Assets | \$ <u>9,916</u> |
| Liabilities | |
| Accounts payable | \$ <u>9,916</u> |
| Total Liabilities | \$ <u>9,916</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2005

| | Private Purpose Trust | | | | |
|----------------------------|-----------------------|-------------------------|-----------------------------|---------------------------------|-------------------|
| | <u>Tree</u> | <u>Fremont Park</u> | <u>Las Casitas Park</u> | <u>Economic Development</u> | <u>Total</u> |
| Additions: | | | | | |
| Contributions and Grants | \$ - | \$ - | \$ 350 | \$ - | \$ 350 |
| Interest Income | <u>65</u> | <u>-</u> | <u>25</u> | <u>27,619</u> | <u>27,709</u> |
| Total Additions | 65 | - | 375 | 27,619 | 28,059 |
| Deductions | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net assets | 65 | - | 375 | 27,619 | 28,059 |
| Fund balances, January 1 | <u>2,090</u> | <u>10</u> | <u>629</u> | <u>906,055</u> | <u>908,784</u> |
| Fund balances, December 31 | <u>\$ 2,155</u> | <u>\$ 10</u> | <u>\$ 1,004</u> | <u>\$ 933,674</u> | <u>\$ 936,843</u> |

See independent auditor's report on the financial statements.

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

For the Year Ended December 31, 2005

| | Balance January 1, <u>2005</u> | <u>Additions</u> | <u>Deductions</u> | Balance December 31, <u>2005</u> |
|---------------------------|--------------------------------------|------------------|-------------------|--|
| Cash and cash equivalents | \$ <u>115,140</u> | \$ <u>3,572</u> | \$ <u>108,796</u> | \$ <u>9,916</u> |
| Total assets | \$ <u>115,140</u> | \$ <u>3,572</u> | \$ <u>108,796</u> | \$ <u>9,916</u> |
| Accounts payable | \$ <u>115,140</u> | \$ <u>3,572</u> | \$ <u>108,796</u> | \$ <u>9,916</u> |
| Total liabilities | \$ <u>115,140</u> | \$ <u>3,572</u> | \$ <u>108,796</u> | \$ <u>9,916</u> |

See independent auditor's report on the basic financial statements.

STATISTICAL SECTION

Table 1

CITY OF EMPORIA, KANSAS

GENERAL GOVERNMENTAL EXPENDITURES
AND OTHER USES BY FUNCTION - BUDGETARY BASIS [1]
Last ten fiscal years
(Unaudited)

| | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| General government | \$ 2,563,103 | \$ 2,500,944 | \$ 2,717,096 | \$ 2,685,465 |
| Public safety | 8,444,565 | 7,633,408 | 7,243,018 | 7,260,400 |
| Public health | 65,539 | 66,672 | 66,180 | 66,180 |
| Public works | 1,587,864 | 1,403,433 | 1,065,634 | 798,629 |
| Culture and recreation | 2,098,537 | 2,021,225 | 1,861,183 | 2,144,371 |
| Community and industrial planning and development | 1,385,571 | 1,485,858 | 1,088,645 | 1,265,661 |
| Public transportation | - | 99,457 | 88,910 | 88,711 |
| Street lighting | - | 172,554 | 171,403 | 174,716 |
| Airport operations | 364,066 | 345,189 | 290,382 | 397,635 |
| Debt service | 2,623,722 | 2,519,709 | 1,991,777 | 2,397,208 |
| Interfund transfers | <u>1,241,629</u> | <u>983,921</u> | <u>1,149,230</u> | <u>1,154,500</u> |
| | <u>\$ 20,374,596</u> | <u>\$ 19,232,370</u> | <u>\$ 17,733,458</u> | <u>\$ 18,433,476</u> |

[1] Includes General, Special Revenue and Debt Service Funds.

Table 1

| | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> | <u>1996</u> |
|----|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 2,587,804 | \$ 2,020,869 | \$ 2,220,015 | \$ 2,212,598 | \$ 3,986,801 | \$ 3,509,204 |
| | 6,614,245 | 6,342,548 | 6,119,047 | 5,980,764 | 5,487,770 | 5,238,289 |
| | 63,600 | 63,600 | 63,729 | 63,600 | 67,867 | 66,300 |
| | 584,127 | 235,678 | 453,346 | 589,435 | 613,342 | 550,680 |
| | 1,856,990 | 2,025,921 | 1,923,260 | 1,782,498 | 1,651,418 | 2,171,457 |
| | 299,584 | 1,095,703 | 1,175,926 | 471,000 | 257,596 | 254,406 |
| | 693,455 | 97,755 | 103,899 | 98,303 | 98,176 | 104,337 |
| | 168,438 | 165,357 | 163,480 | 172,323 | 159,476 | 162,078 |
| | 369,234 | 399,110 | 342,067 | 360,471 | 324,244 | 337,078 |
| | 1,839,194 | 2,175,500 | 1,785,018 | 1,013,750 | 1,325,267 | 2,873,814 |
| | <u>1,178,302</u> | <u>1,700,118</u> | <u>1,210,951</u> | <u>[2,131,241]</u> | <u>945,182</u> | <u>159,224</u> |
| \$ | <u>16,322,159</u> | <u>\$ 15,560,738</u> | <u>\$ 10,613,501</u> | <u>\$ 14,917,139</u> | <u>\$ 15,426,867</u> | <u>\$ 11,553,417</u> |

Table 2

CITY OF EMPORIA, KANSAS
 GENERAL GOVERNMENTAL EXPENDITURES
 AND OTHER USES BY FUNCTION - MODIFIED ACCRUAL BASIS [1]
 Last ten fiscal years
 (Unaudited)

| | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|----------------------|----------------------|----------------------|---------------------|
| General government | \$ 2,563,103 | \$ 2,500,944 | \$ 2,732,240 | \$ 463,797 |
| Public safety | 8,444,565 | 7,633,408 | 7,244,197 | 61,373 |
| Public health | 65,539 | 66,672 | 66,180 | - |
| Public works | 1,587,864 | 1,403,433 | 1,093,804 | 378,989 |
| Culture and recreation | 2,098,537 | 2,021,225 | 1,862,663 | - |
| Community and industrial planning and development | 1,385,571 | 1,485,858 | 1,088,645 | 852,875 |
| Public transportation | - | 99,457 | 88,910 | 88,711 |
| Street lighting | - | 172,554 | 171,403 | 174,716 |
| Airport operations | 364,066 | 345,189 | 290,382 | - |
| Debt service | 2,623,722 | 2,519,709 | 1,991,777 | 2,687,196 |
| Interfund transfers | <u>1,241,629</u> | <u>983,921</u> | <u>1,149,230</u> | <u>337,875</u> |
| | <u>\$ 20,374,596</u> | <u>\$ 19,232,370</u> | <u>\$ 17,779,431</u> | <u>\$ 5,045,532</u> |

[1] Includes General, Special Revenue and Debt Service Funds.

Table 2

| | <u>2001</u> | | <u>2000</u> | | <u>1999</u> | | <u>1998</u> | | <u>1997</u> | | <u>1996</u> |
|----|-------------------|----|-------------------|----|-------------------|----|-------------------|----|-------------------|----|-------------------|
| \$ | 2,331,773 | \$ | 2,062,363 | \$ | 2,212,786 | \$ | 2,222,278 | \$ | 2,413,091 | \$ | 2,581,410 |
| | 6,729,779 | | 6,517,168 | | 6,174,744 | | 5,940,174 | | 5,485,494 | | 5,235,960 |
| | 63,600 | | 63,600 | | 146,564 | | 139,527 | | 104,732 | | 111,977 |
| | 584,127 | | 235,678 | | 468,081 | | 589,435 | | 444,774 | | 550,965 |
| | 1,853,974 | | 1,763,485 | | 1,968,810 | | 2,331,356 | | 2,314,554 | | 2,117,714 |
| | 1,288,605 | | 1,367,275 | | 1,432,011 | | 609,081 | | 2,261,564 | | 1,273,380 |
| | 84,207 | | 97,755 | | 103,899 | | 98,303 | | 104,337 | | 104,337 |
| | 168,438 | | 165,357 | | 163,480 | | 159,476 | | 162,078 | | 162,078 |
| | 370,985 | | 403,835 | | 337,579 | | 360,471 | | 324,244 | | 337,078 |
| | 1,839,194 | | 2,195,908 | | 1,807,977 | | 1,572,925 | | 1,325,267 | | 2,873,814 |
| | <u>1,224,861</u> | | <u>1,701,943</u> | | <u>1,212,802</u> | | <u>955,561</u> | | <u>991,284</u> | | <u>1,069,350</u> |
| \$ | <u>16,539,543</u> | \$ | <u>16,574,367</u> | \$ | <u>16,028,733</u> | \$ | <u>14,978,587</u> | \$ | <u>15,931,419</u> | \$ | <u>16,418,063</u> |

Table 3

CITY OF EMPORIA, KANSAS
 GENERAL GOVERNMENTAL REVENUES
 AND OTHER FINANCING SOURCES BY SOURCE [1]
 Last ten fiscal years
 (Unaudited)

| | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|----------------------------|----------------------|----------------------|----------------------|---------------------|
| Taxes | \$ 11,610,647 | \$ 11,545,148 | \$ 10,429,929 | \$ 2,265,718 |
| Special assessments | 58,310 | 82,125 | 140,766 | 343,853 |
| Intergovernmental | 2,256,248 | 1,947,213 | 1,780,466 | 2,955,227 |
| Licenses, permits and fees | 236,014 | 222,834 | 223,767 | - |
| Charges for services | 1,380,037 | 1,664,767 | 1,215,208 | - |
| Fines and fees | 704,566 | 846,047 | 609,956 | - |
| Use of money and property | 149,050 | 116,736 | 118,963 | 124,803 |
| Interfund transfers | 3,605,941 | 3,231,127 | 3,110,937 | 1,655,346 |
| Other [2] | <u>225,060</u> | <u>1,089,338</u> | <u>110,386</u> | <u>1,198,849</u> |
| | <u>\$ 20,225,873</u> | <u>\$ 20,745,335</u> | <u>\$ 17,740,378</u> | <u>\$ 8,543,796</u> |

[1] Includes General, Special Revenue and Debt Service Funds.

[2] Includes contributions, temporary note proceeds, bonds issued and miscellaneous.

Table 3

| | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> | <u>1996</u> |
|----|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 9,622,700 | \$ 9,249,638 | \$ 8,693,691 | \$ 8,511,816 | \$ 7,886,345 | \$ 8,464,993 |
| | 397,346 | 283,929 | 178,408 | 200,285 | 214,847 | 207,454 |
| | 1,827,866 | 2,197,255 | 2,636,096 | 3,089,123 | 2,490,794 | 1,776,541 |
| | 252,453 | 239,039 | 244,057 | 150,950 | 150,857 | 153,124 |
| | 944,841 | 1,041,456 | 956,462 | 981,497 | 861,055 | 821,329 |
| | 694,922 | 662,477 | 575,612 | 663,722 | 661,329 | 641,358 |
| | 240,717 | 333,827 | 242,667 | 161,660 | 134,335 | 139,399 |
| | 2,653,468 | 2,128,096 | 2,624,526 | 2,334,730 | 1,859,648 | 1,832,044 |
| | <u>111,623</u> | <u>214,560</u> | <u>160,641</u> | <u>291,468</u> | <u>311,090</u> | <u>825,227</u> |
| \$ | <u>16,745,936</u> | <u>\$ 16,350,277</u> | <u>\$ 16,312,160</u> | <u>\$ 16,385,251</u> | <u>\$ 14,570,300</u> | <u>\$ 14,861,469</u> |

Table 4

CITY OF EMPORIA, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last ten fiscal years
(Unaudited)

| <u>Year</u> | <u>Total Tax Levied</u> | <u>Current Tax Collected</u> | <u>Percent of Levy Collected</u> | <u>Delinquent Tax Collected</u> | <u>Total Tax Collected</u> | <u>Percent of Total Collections to Levy</u> |
|-------------|-------------------------|------------------------------|----------------------------------|---------------------------------|----------------------------|---|
| 1996 | \$ 3,383,620 | \$ 3,058,392 | 90.388% | \$ 40,228 | \$ 3,098,620 | 91.577% |
| 1997 | 3,298,036 | 3,205,126 | 97.183% | [16,113] [1] | 3,189,013 | 96.694% |
| 1998 | 3,549,552 | 3,431,328 | 96.669% | 55,294 | 3,486,622 | 98.227% |
| 1999 | 3,937,947 | 3,521,189 | 89.417% | 59,357 | 3,580,546 | 90.924% |
| 2000 | 4,099,136 | 3,841,308 | 93.710% | 41,556 | 3,882,864 | 94.724% |
| 2001 | 4,417,433 | 3,956,498 | 89.566% | 42,829 | 3,999,327 | 90.535% |
| 2002 | 4,980,869 | 4,284,854 | 86.026% | 80,801 | 4,365,655 | 87.648% |
| 2003 | 5,406,369 | 4,808,654 | 88.944% | 72,483 | 4,881,137 | 90.285% |
| 2004 | 5,524,098 | 5,274,464 | 95.481% | 67,114 | 5,341,578 | 96.696% |
| 2005 | 6,016,595 | 5,329,513 | 88.580% | 93,220 | 5,422,733 | 90.130% |

[1] Taxes paid under protest in prior years that were refunded to taxpayers during the current year.

CITY OF EMPORIA, KANSAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last ten fiscal years
(Unaudited)

| <u>Year</u> | <u>Assessed Value Real Estate [1]</u> | <u>Assessed Value Tangible Personal Property [1]</u> | <u>Assessed Value State Appraised Public Service Companies [1]</u> | <u>Total Assessed Value</u> | <u>Total Estimated Appraised Value [2]</u> | <u>Ratio of Total Assessed Value to Total Estimated Actual Value</u> | <u>Assessed Value of Motor Vehicles [2]</u> |
|-------------|---|--|--|-------------------------------------|--|--|---|
| 1996 | \$ 76,393.5 | \$ 13,517.9 | \$ 6,614.8 | \$ 96,526.2 | \$ 602,876.2 | 16.0% | \$ 19,076.0 |
| 1997 | 80,074.7 | 12,685.2 | 7,353.4 | 100,113.3 | 581,828.3 | 17.2% | 19,847.5 |
| 1998 | 80,780.9 | 13,519.5 | 7,037.0 | 101,337.4 | 562,339.0 | 18.0% | 19,806.5 |
| 1999 | 83,478.4 | 17,181.8 | 7,935.4 | 108,595.6 | 605,629.7 | 17.9% | 19,986.0 |
| 2000 | 89,299.5 | 15,760.1 | 7,974.6 | 113,034.2 | 590,850.5 | 19.1% | 19,989.3 |
| 2001 | 92,214.7 | 17,874.9 | 8,104.4 | 118,994.0 | 663,678.0 | 17.9% | 19,517.8 |
| 2002 | 99,437.3 | 22,854.8 | 8,962.1 | 131,254.2 | 730,047.7 | 18.0% | 20,866.0 |
| 2003 | 104,384.3 | 21,561.4 | 8,813.1 | 134,758.8 | 760,455.4 | 17.7% | 21,176.1 |
| 2004 | 107,062.0 | 16,921.9 | 9,327.6 | 133,311.5 | 800,452.0 | 16.7% | 21,704.6 |
| 2005 | 111,848.4 | 17,460.5 | 9,671.6 | 138,980.5 | 852,801.4 | 16.3% | 21,590.0 |

(All figures are in thousands of dollars.)

[1] From Abstract of the Valuation of Taxable Property prepared by the Lyon County Clerk.

[2] From Lyon County Appraiser's Office.

Table 6

CITY OF EMPORIA, KANSAS
 PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
 (PER \$100 OF ASSESSED VALUE)
 Last ten fiscal years
 (Unaudited)

| <u>Year</u> | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Debt Service Funds</u> | <u>Total</u> | <u>Unified School District</u> | <u>State and County</u> | <u>Total</u> |
|-------------|-------------------------|--------------------------------------|-----------------------------------|--------------|--|---------------------------------|--------------|
| 1996 | 2.2302 | 0.4225 | 0.7789 | 3.4316 | 4.9187 | 4.9488 | 13.2991 |
| 1997 | 2.3212 | 0.4218 | 0.6807 | 3.4237 | 4.8911 | 4.7161 | 13.0309 |
| 1998 | 2.3826 | 0.4218 | 0.7285 | 3.5329 | 4.5199 | 4.5500 | 12.6028 |
| 1999 | 2.2138 | 0.4067 | 1.0078 | 3.6283 | 4.5103 | 4.9273 | 13.0659 |
| 2000 | 2.1425 | 0.4237 | 1.0462 | 3.6124 | 4.7444 | 4.0481 | 12.4049 |
| 2001 | 2.1802 | 0.4046 | 1.0034 | 3.5882 | 6.1109 | 4.7092 | 14.4083 |
| 2002 | 2.4333 | 0.4218 | 0.9853 | 3.8404 | 6.1160 | 4.5962 | 14.5526 |
| 2003 | 2.5546 | 0.4293 | 1.2223 | 4.2062 | 6.0213 | 4.9687 | 15.1962 |
| 2004 | 2.6198 | 0.4314 | 1.0747 | 4.1259 | 5.7721 | 5.2046 | 15.1026 |
| 2005 | 2.4555 | 0.7067 | 1.2298 | 4.3920 | 5.6381 | 5.2433 | 15.2734 |

Source: Tax Levy Rates, Lyon County Treasurer

CITY OF EMPORIA, KANSAS
 SPECIAL ASSESSMENTS - BILLINGS AND COLLECTIONS
 Last ten fiscal years
 (Unaudited)

| <u>Year</u> | <u>Current Assessments Due</u> | <u>Current Assessments Collected [1]</u> | <u>Ratio of Collections to Amount Due</u> | <u>Back Tax Collected</u> | <u>Total Tax Collected</u> | <u>Percent of Total Collections to Levy</u> |
|-------------|--|--|---|-------------------------------|--------------------------------|---|
| 1996 | \$ 179,000 | \$ 207,454 | 115.896% | \$ 7,102 | \$ 214,556 | 119.864% |
| 1997 | 212,682 | 214,847 | 101.018% | [2,639] | 212,208 | 99.777% |
| 1998 | 166,500 | 200,285 | 120.291% | 11,109 | 211,394 | 126.963% |
| 1999 | 159,541 | 178,408 | 111.826% | 12,000 | 190,408 | 119.347% |
| 2000 | 149,700 | 181,587 | 121.301% | 9,000 | 190,587 | 127.313% |
| 2001 | 159,798 | 226,289 | 141.609% | 10,619 | 236,908 | 148.255% |
| 2002 | 192,313 | 234,005 | 121.679% | 22,418 | 256,423 | 133.336% |
| 2003 | 218,280 | 257,888 | 118.146% | 20,043 | 277,931 | 127.328% |
| 2004 | 352,123 | 239,435 | 67.998% | 18,155 | 257,589 | 73.153% |
| 2005 | 266,558 | 277,185 | 103.987% | 25,467 | 302,652 | 113.541% |

[1] Includes special assessments paid by taxpayers directly to city clerk, some prematurely.

Table 8

CITY OF EMPORIA, KANSAS

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITALast ten fiscal years
(Unaudited)

| <u>Year</u> | <u>Population</u> | | <u>Assessed Value (in thousands)</u> | <u>Gross Bonded Debt [1]</u> | <u>Debt Service Monies Available</u> | <u>Debt Payable from Enterprise Revenues</u> | <u>Net Bonded Debt</u> | <u>Ratio of Net Bonded Debt to Assessed Value</u> | <u>Net Bonded Debt Per Capita</u> |
|-------------|-------------------|-----|--|--------------------------------------|--|--|--------------------------------|---|---|
| 1996 | 25,512 | [2] | \$ 96,528 | \$ 21,775,000 | \$ 218,669 | \$ 7,440,000 | \$ 14,116,331 | 14.624% | \$ 553 |
| 1997 | 25,512 | [2] | 100,113 | 22,135,000 | 286,362 | 6,000,000 | 15,848,638 | 15.831% | 621 |
| 1998 | 25,512 | [2] | 101,337 | 24,135,000 | 238,518 | - | 23,896,482 | 23.581% | 937 |
| 1999 | 25,512 | [2] | 108,596 | 22,700,000 | 147,400 | - | 22,552,600 | 20.767% | 884 |
| 2000 | 26,760 | [3] | 113,034 | 25,035,000 | 100,916 | - | 24,934,084 | 22.059% | 932 |
| 2001 | 26,760 | [3] | 118,994 | 29,275,000 | 247,620 | - | 29,027,380 | 24.394% | 1,085 |
| 2002 | 26,760 | [3] | 131,254 | 29,955,000 | 24,843 | - | 29,930,157 | 22.803% | 1,118 |
| 2003 | 26,760 | [3] | 134,759 | 29,615,000 | 208,172 | - | 29,406,828 | 21.822% | 1,099 |
| 2004 | 26,760 | [3] | 133,312 | 30,310,000 | 391,321 | - | 29,918,679 | 22.443% | 1,118 |
| 2005 | 26,760 | [3] | 138,981 | 31,340,000 | 105,875 | - | 31,234,125 | 22.474% | 1,167 |

[1] Includes all long-term debt.

[2] U.S. Census 1990.

[3] U.S. Census 2000.

CITY OF EMPORIA, KANSAS

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2005

(Unaudited)

| <u>Jurisdiction</u> | <u>Net Debt Outstanding</u> | <u>Percentage Applicable to City of Emporia</u> | <u>Amount Applicable to City of Emporia</u> |
|------------------------------|-------------------------------------|---|---|
| City of Emporia, Kansas | \$ 31,340,000 | 100.000% | \$ 31,340,000 |
| Unified School District #253 | 39,635,000 | 87.197% | 34,560,707 |
| Lyon County, Kansas | 15,130,000 | 63.085% | <u>9,544,833</u> |
| Total | | | <u>\$ 75,445,540</u> |

Table 10

CITY OF EMPORIA, KANSAS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT [1] TO TOTAL GENERAL GOVERNMENTAL EXPENDITURESLast ten fiscal years
(Unaudited)

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> | <u>Total General Expenditures [2]</u> | <u>Ratio of Debt Service to Total General Expenditures</u> |
|-------------|------------------|-----------------|-------------------------------|---|--|
| 1996 | \$ 2,390,000 | \$ 483,814 | \$ 2,873,814 | \$ 16,418,063 | 17.504% |
| 1997 | 812,500 | 512,725 | 1,325,225 | 15,931,419 | 8.318% |
| 1998 | 1,013,750 | 559,112 | 1,572,862 | 14,978,587 | 10.501% |
| 1999 | 1,152,195 | 621,682 | 1,773,877 | 16,028,733 | 11.067% |
| 2000 | 1,187,195 | 590,167 | 1,777,362 | 16,574,367 | 10.724% |
| 2001 | 1,277,486 | 550,567 | 1,828,053 | 16,539,543 | 11.053% |
| 2002 | 1,519,540 | 1,123,334 | 2,642,874 | 17,779,431 | 14.865% |
| 2003 | 969,053 | 993,296 | 1,962,349 | 19,232,370 | 10.203% |
| 2004 | 1,446,200 | 979,244 | 2,425,444 | 1,241,629 | 195.344% |
| 2005 | 1,557,200 | 1,038,814 | 2,596,014 | 20,374,596 | 12.741% |

[1] Does not include defeased debt.

[2] Includes General, Special Revenue and Debt Service Funds.

CITY OF EMPORIA, KANSAS

REVENUE BOND COVERAGE
WATER AND SEWER BONDSLast ten fiscal years
(Unaudited)

| <u>Year</u> | <u>Gross Revenue</u> | <u>Direct Operating Expenses [1]</u> | <u>Net Revenue Available for Debt Service</u> | <u>Debt Service Requirements</u> | | | <u>Coverage</u> |
|-------------|--------------------------|--|---|----------------------------------|-----------------|--------------|-----------------|
| | | | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | |
| 1996 | \$ 3,853,167 | \$ 2,632,447 | \$ 1,220,720 | \$ 570,000 | \$ 327,259 | \$ 897,259 | 1.3605 |
| 1997 | 3,337,956 | 2,109,170 | 1,228,786 | 372,500 | 476,016 | 848,516 | 1.4482 |
| 1998 [2] | - | - | - | - | - | - | - |
| 1999 | - | - | - | - | - | - | - |
| 2000 | - | - | - | - | - | - | - |
| 2001 | - | - | - | - | - | - | - |
| 2002 | - | - | - | - | - | - | - |
| 2003 | - | - | - | - | - | - | - |
| 2004 | - | - | - | - | - | - | - |
| 2005 | - | - | - | - | - | - | - |

[1] Total expenses exclusive of depreciation and debt service.

[2] No debt service requirements as all revenue bonds were defeased by 1998.

Table 12

CITY OF EMPORIA, KANSAS
DEMOGRAPHIC STATISTICS
Last ten fiscal years
(Unaudited)

| <u>Year</u> | <u>Population [1]</u> | <u>Per Capita Income [2]</u> | <u>Employment [3]</u> | <u>School Enrollment [4]</u> | <u>Retail Sales [5] in Hundreds</u> |
|-------------|-----------------------|----------------------------------|-----------------------|----------------------------------|---|
| 1996 | 25,512 | \$ 18,611 | 13,837 | 5,005 | \$ 310,455.5 |
| 1997 | 25,512 | 19,169 | 18,633 | 4,920 | 319,388.9 |
| 1998 | 25,512 | 19,728 | 19,618 | 4,968 | 334,166.9 |
| 1999 | 25,512 | 20,286 | 19,444 | 5,035 | 351,761.4 |
| 2000 | 26,760 | 20,844 | 19,316 | 5,026 | 368,640.0 |
| 2001 | 26,760 | 21,403 | 19,336 | 5,070 | 356,917.4 |
| 2002 | 26,760 | 21,961 | 19,407 | 4,813 | 353,612.2 |
| 2003 | 26,760 | 22,519 | 19,614 | 4,764 | 353,237.5 |
| 2004 | 26,760 | 23,078 | 18,491 | 4,762 | 354,529.7 |
| 2005 | 26,760 | 23,636 | 19,754 | 4,783 | 379,676.4 |

[1] U.S. Census (1995 - 1999 amounts are from 1990 census and 2000 - 2005 amounts are from 2000 census).

[2] Lyon County per capita income from Bureau of Economic Analysis (1995 and 1996 estimated based on 3% annual inflation).

[3] State of Kansas, Division of Employment.

[4] Annual school census.

[5] City sales tax collections.

CITY OF EMPORIA, KANSAS
PROPERTY VALUE OF CONSTRUCTION
Last ten fiscal years
(Unaudited)

| <u>Year</u> | <u>New Single Family Dwellings</u> | <u>Total Value New Single Family Dwellings</u> | <u>Total Permits [1]</u> | <u>Total Construction Valuation [1]</u> | |
|-------------|--|--|------------------------------|---|-----|
| 1996 | 30 | \$ 2,914,249 | 829 | \$ 15,229,107 | |
| 1997 | 18 | 1,544,859 | 658 | 14,839,473 | [2] |
| 1998 | 23 | 2,016,467 | 627 | 23,285,937 | [3] |
| 1999 | 28 | 2,558,457 | 788 | 35,983,712 | [4] |
| 2000 | 21 | 2,070,293 | 653 | 38,565,007 | [5] |
| 2001 | 34 | 3,665,594 | 767 | 42,661,270 | [6] |
| 2002 | 22 | 2,674,110 | 643 | 42,834,756 | [7] |
| 2003 | 29 | 3,272,222 | 673 | 22,164,184 | |
| 2004 | 30 | 3,691,455 | 750 | 21,147,315 | [8] |
| 2005 | 26 | 3,689,197 | 692 | 20,338,125 | |

Source: City of Emporia Planning and Development Department.

[1] Includes single and multiple family dwellings and commercial, industrial and institutional construction.

[2] Includes new aviation basins for IBP.

[3] Includes Menu Foods

[4] Includes Menu Foods expansion, Flying J Travel Plaza and Caterpillar Plant.

[5] Includes new Courthouse, Wastewater plant renovation, Hopkins expansion & Menu addition.

[6] Includes Norfolk Steel, IBP, Newman Hospital expansion, Aquatic Center, Safeway Pet Food expansion, & Emporia Surgical Center.

[7] Includes new Elementary School & Wastewater plant renovation

[8] Includes Wyndam Place Apts., Candlewood Strip Mall, Comfort Inn

Table 14

CITY OF EMPORIA, KANSAS

PRINCIPAL TAXPAYERS

December 31, 2005

(Unaudited)

| <u>Business Name</u> | <u>Type of Business</u> | 2004 Aggregate Tax Liability |
|---|-------------------------------|---------------------------------------|
| Westar Energy | Electric utility | \$ 717,659 |
| Tyson Fresh Meals | Livestock processor | 581,805 |
| Southwestern Bell Telephone Company | Telephone | 374,941 |
| Emporia ROS (Wal-Mart) | Discount/Variety store | 313,244 |
| Bunge Corporation | Grain processor | 278,937 |
| Interstate Brands Corporation | Bakery | 220,503 |
| Kansas Gas Service | Gas Utility | 219,368 |
| Emporia Partners LLC | Real Estate Developers | 173,753 |
| Safeway Pet Food | Pet food manufacturer | 172,908 |
| Modine Manufacturing | Automotive Parts Manufacturer | <u>174,553</u> |
| | | 3,227,671 |
| Total City and County levy | 29,388,952 | |
| City total levy | 6,016,595 | <u>20.472%</u> |
| Estimated city tax revenues from top 10 taxpayers | | 660,778 |
| Total taxes levied by city for 2005* | | 6,016,595 |
| Portion of 2004 city tax revenues paid by top 10 taxpayers | | 10.983% |

* includes property tax liability from all sources.

Source: Lyon County Treasurer.

CITY OF EMPORIA, KANSAS
 MISCELLANEOUS STATISTICS
 December 31, 2005
 (Unaudited)

| | | |
|-----------------------------|---------------------------------|------------------------|
| Date of incorporation | | 1857 |
| Form of government | | Commission - Manager |
| Area | | 11.70 square miles |
| Miles of paved streets | | 167 |
| Fire protection: | Number of stations | 2 |
| | Number of firefighters | 52 |
| Police protection: | Number of stations | 1 |
| | Number of commissioned officers | 49 |
| Education: | Attendance centers (elementary) | 11 |
| | Number of students | 2643 |
| | Attendance centers (middle) | 1 |
| | Number of students | 690 |
| | Attendance centers (secondary) | 1 |
| | Number of students | 1450 |
| | Vocational / technical | 1 |
| | Number of students | 442 |
| | Colleges and universities | 1 |
| | Number of students | 6192 |
| Municipal water department: | Number of consumers | 9257 |
| | Average daily consumption | 9.36 |
| | Miles of water mains | 177 |
| Building permits issued | | 643 |
| Recreation and culture: | Number of parks | 20 with 325.159 acres |
| | Number of libraries | 1 |
| | Number of volumes | 118,301 |
| Employees: | Classified service | 285 full and part-time |

Table 16

CITY OF EMPORIA, KANSAS
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
Last ten fiscal years
(Unaudited)

| <u>Year</u> | <u>Property Value [1]</u> | <u>Total Construction Valuation</u> | <u>Bank Deposits [1]</u> |
|-------------|---------------------------|-------------------------------------|--------------------------|
| 1996 | \$ 602,876.2 | \$ 15,229,107 | \$ 337,296 [2] |
| 1997 | 581,628.3 | 14,839,473 | 363,007 [2] |
| 1998 | 562,339.0 | 23,285,937 | 346,737 [3] |
| 1999 | 605,629.7 | 35,983,712 | 350,669 [3] |
| 2000 | 590,850.5 | 38,565,007 | 364,400 [3] |
| 2001 | 663,678.0 | 42,661,270 | 366,372 [3] |
| 2002 | 730,047.7 | 42,834,756 | 372,546 [3] |
| 2003 | 760,455.4 | 22,164,184 | 379,642 [4] |
| 2004 | 800,452.0 | 21,147,315 | 382,796 [4] |
| 2005 | 852,801.4 | 20,338,125 | 397,721 [4] |

[1] in thousands of dollars.

[2] Omits largest institution, Bank of America, now branch of Interstate bank. Separate figures not available.

[3] Omits 2 institutions, Bank of America and Intrust Bank, now branches of Interstate banks. Separate figures not available.

[4] Omits 2 institutions, Bank of America and State Bank of Kansas, now branches of Interstate banks. Separate figures not available.

CITY OF EMPORIA, KANSAS
 COMPUTATION OF LEGAL DEBT MARGIN
 December 31, 2005
 (Unaudited)

| | | |
|---|---------------|-----------------------|
| Assessed valuation at August 25, 2005 | | <u>\$ 138,980,500</u> |
| Debt limit - 30% of assessed valuation (KSA 10-308) | | \$ 41,694,150 |
| Bonded indebtedness | \$ 31,340,000 | |
| Less: exempt revenue bonds per KSA 10-311 | <u>None</u> | <u>31,340,000</u> |
| Legal debt margin | | <u>\$ 10,354,150</u> |